

To: The Manager  
Announcements  
Company Announcements Office  
Australian Stock Exchange



## Public Announcement 2010 – 27AWC

Alumina Limited advises that as part of its ongoing capital management strategy, its wholly owned subsidiary, Alumina Finance Limited, is conducting a tender offer for its outstanding 2% Guaranteed Convertible Bonds due 2013 ISIN XS0364556919 (“Convertible Bonds”) which have a maturity date of 16 May 2013. Alumina Finance Limited will offer to repurchase the Convertible Bonds at 100% of their principal amount, together with accrued and unpaid interest. The tender offer memorandum, which is available to all holders of Convertible Bonds (except where invitation to tender would not be in compliance with the laws or regulations of such jurisdiction, in particular in the United States) is attached. The tender offer is due to close on 15 December 2010.

As at the date of this announcement, there are US\$296 million of the Convertible Bonds outstanding. Eligible Bondholders have the right to require Alumina Finance Limited to redeem all or some of their Convertible Bonds on 16 May 2011 at 100% of their principal amount, together with accrued and unpaid interest. Early repurchase of the bonds in 2010 will bring forward the non-cash charge to the Company’s 2010 underlying earnings (representing the unwind of the discount in the liability) of up to US\$3 million, depending on the number of Convertible Bonds offered and accepted under the tender.

This announcement, including the tender offer memorandum, is not for distribution or release in the United States.

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

**Stephen Foster**  
Company Secretary

2 December 2010

Alumina Limited

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## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

THIS INVITATION TO TENDER IS NOT BEING MADE TO, AND ANY OFFERS TO TENDER BONDS PURSUANT TO THE INVITATION TO TENDER WILL NOT BE ACCEPTED FROM, OR ON BEHALF OF, HOLDERS OF THE BONDS IN ANY JURISDICTION IN WHICH THE MAKING OF SUCH INVITATION TO TENDER WOULD NOT BE IN COMPLIANCE WITH THE LAWS OR REGULATIONS OF SUCH JURISDICTION. IN PARTICULAR, THE INVITATION TO TENDER IS NOT BEING MADE TO HOLDERS OF THE BONDS THAT ARE (I) IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA OR (II) ARE, OR ARE ACTING FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" (AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED) OR (III) ARE LOCATED OR RESIDENT IN THE REPUBLIC OF ITALY. NO INVITATION TO TENDER SHALL BE MADE IN ANY JURISDICTIONS WHERE THE SECURITIES, BLUE SKY OR OTHER LAWS REQUIRE THE INVITATION TO TENDER TO BE MADE BY A LICENSED BROKER OR DEALER.

**IMPORTANT:** You must read the following disclaimer before continuing. The following disclaimer applies to the attached Tender Offer Memorandum and you are therefore required to read this disclaimer page carefully before accessing, reading or making any other use of the Tender Offer Memorandum. By accessing the Tender Offer Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from The Bank of New York Mellon (the **Tender Agent**) as a result of such access. Capitalised terms used but not otherwise defined in this disclaimer shall have the meaning given to them in the Tender Offer Memorandum.

THE ATTACHED TENDER OFFER MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE TENDER OFFER MEMORANDUM MAY ONLY BE DISTRIBUTED TO PERSONS TO WHOM IT IS OTHERWISE LAWFUL TO SEND THE TENDER OFFER MEMORANDUM. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF APPLICABLE LAWS.

**Confirmation of your representation:** In order to be eligible to view the attached Tender Offer Memorandum or make an investment decision with respect to the Offer (as defined below), you must be able to participate lawfully in the invitation by Alumina Finance Limited (ACN 130 920 562) (the **Company**) to holders of its outstanding U.S. \$350,000,000 2.00 per cent. Convertible Bonds convertible into the Ordinary Shares of Alumina Limited (ACN 004 820 419) due 2013 (ISIN: XS0364556919) (the **Bonds**) to tender any or all of their Bonds for purchase by the Company for cash (the **Offer**) on the terms and conditions set out in the Tender Offer Memorandum including the offer and distribution restrictions set out on page 7 (the **Offer and Distribution Restrictions**). By accessing the Tender Offer Memorandum and tendering your Bonds, you shall be deemed to have represented to the Company and the Tender Agent that:

1. you are a holder or a beneficial owner of the Bonds;

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2. you are a person to whom it is lawful to send the Tender Offer Memorandum or to make an invitation pursuant to the Offer under applicable laws, including the Offer and Distribution Restrictions;
  3. you are not in the United States or a U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) or acting for the account or benefit of a U.S. Person;
  4. you are not resident in the Republic of Italy or a person located in the Republic of Italy; and
  5. you consent to delivery of the Tender Offer Memorandum by electronic transmission to you.

This Tender Offer Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Company nor the Tender Agent or any person who controls, or any director, officer, employee, agent or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Tender Offer Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Tender Agent.

You are otherwise reminded that the Tender Offer Memorandum has been sent to you on the basis that you are a person into whose possession the Tender Offer Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located or resident and you may not nor are you authorised to deliver the Tender Offer Memorandum to any other person.

Any materials relating to the Offer do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. No offer shall be made in any jurisdictions where the securities, blue sky or other laws require the offer to be made by a licensed broker or dealer.

**Restrictions:** Nothing in this electronic transmission constitutes an offer to buy or the solicitation of any offer to sell securities in any jurisdiction in which such offer or solicitation would be unlawful.

**The distribution of the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Tender Offer Memorandum comes are required by the Company and the Tender Agent to inform themselves about, and to observe, any such restrictions.**

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**TENDER OFFER MEMORANDUM dated 2 December 2010**



**ALUMINA FINANCE LIMITED**

*(a company incorporated under the laws of the Commonwealth of Australia ACN 130 920 562)*

**Offer to Repurchase for Cash**

**any or all of the outstanding**

**U.S.\$350,000,000 2.00 per cent. Convertible Bonds due 2013  
convertible into Ordinary Shares of Alumina Limited (ACN 004 820 419)**

(the **Bonds**)

Alumina Finance Limited (the **Company**) invites Bondholders (subject to offer restrictions – see "*Offer and Distribution Restrictions*") to tender any or all of their Bonds for repurchase by it for cash (the **Offer**). The Bonds are listed on Singapore Exchange Securities Trading Limited (the **SGX-ST**). The Offer is made on the terms of and subject to the conditions contained in this Tender Offer Memorandum.

The Company will pay U.S.\$10,000 (the **Repurchase Price**) for each U.S.\$10,000 in nominal amount of the Bonds accepted by it for repurchase pursuant to the Offer, and the Company will also pay Accrued Interest on such Bonds.

The Offer begins today, 2 December 2010 (the **Launch Date**) and will expire at 3.00pm (London time) on 15 December 2010 (the **Expiration Deadline**), unless extended, re-opened or terminated as provided in this Tender Offer Memorandum. **The relevant deadline set by any intermediary or Clearing System will be earlier than this deadline.**

In order to be eligible to receive the Repurchase Price, Bondholders must validly tender their Bonds by the Expiration Deadline by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Tender Agent by the Expiration Deadline.

Subject to applicable law and as provided in this Tender Offer Memorandum, the Company may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Offer at any time. Details of any such extension, re-opening, amendment or termination will be announced as provided in this Tender Offer Memorandum as soon as reasonably practicable after the relevant decision is made.

**Tender of Bonds in the Offer will be irrevocable except in the limited circumstances described in this Tender Offer Memorandum under the heading "*Amendment and Termination*".**

Description of the Bonds to be repurchased	Common code/ISIN	Outstanding nominal amount	Repurchase Price (for each U.S.\$10,000 in nominal amount)
U.S.\$350,000,000 2.00 per cent. Convertible Bonds convertible into Ordinary Shares of Alumina Limited due 2013	036455691/ XS0364556919	U.S.\$296,000,000	U.S.\$10,000

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## 1. General

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This Tender Offer Memorandum contains important information which should be read carefully before any decision is made with respect to the Offer. If any Bondholder is in any doubt as to the action it should take, it is recommended to seek its own financial advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to tender Bonds in the Offer.

The Company accepts responsibility for the information contained in this Tender Offer Memorandum. To the best of the knowledge and belief of the Company (having taken all reasonable care to ensure that such is the case), the information contained in this Tender Offer Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Before making a decision with respect to the Offer, Bondholders should carefully consider all of the information in this Tender Offer Memorandum and, in particular, the risk factors described under the heading "*Risk Factors and Other Considerations*" on page 14.

Neither the Company nor The Bank of New York Mellon (the **Tender Agent**) makes any recommendation as to whether Bondholders should tender Bonds in the Offer.

No person has been authorised in connection with the Offer to give any information or to make any representation other than those contained in this Tender Offer Memorandum and any such information or representation must not be relied upon as having been authorised by the Company or the Tender Agent. Neither the delivery of this Tender Offer Memorandum nor any repurchase of Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Tender Offer Memorandum or that the information contained in this Tender Offer Memorandum has remained accurate and complete.

Bonds can only be tendered in the Offer in accordance with the procedures described in "*Procedures for Participating in the Offer*". In particular, Bonds can only be tendered in the Offer in minimum nominal amounts of U.S.\$10,000 and integral multiples thereof.

*Questions and requests for assistance in connection with (i) the Offer, may be directed to the Company, and (ii) the delivery of the Tender Instructions, may be directed to the Tender Agent, the contact details for both of which are on the last page of this Tender Offer Memorandum.*

Unless the context otherwise requires, references in this Tender Offer Memorandum to a Bondholder or holder of Bonds include:

- (a) each person who is shown in the records of the clearing and settlement systems of Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, société anonyme (**Clearstream, Luxembourg** and, together with Euroclear, the **Clearing Systems and each a Clearing System**) as a holder of the Bonds (also referred to as **Direct Participants** and each a **Direct Participant**); and

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(b) each beneficial owner of Bonds holding such Bonds, directly or indirectly, in accounts in the name of a Direct Participant acting on the beneficial owner's behalf, except that for the purposes of the payment of the Repurchase Price and Accrued Interest, to the extent the beneficial owner of the relevant Bonds is not a Direct Participant, the Repurchase Price and Accrued Interest will only be paid to the relevant Direct Participant and payment of the Repurchase Price and Accrued Interest to such Direct Participant will satisfy any obligations of the Company, the Tender Agent and the relevant Clearing System in respect of the repurchase of such Bonds.

Unless the context otherwise requires, references in this Tender Offer Memorandum to a Bond include the beneficial interest in such Bond.

References in this Tender Offer Memorandum to U.S.\$ refer to United States dollars.

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## **2. Offer and Distribution Restrictions**

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The distribution of this Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Tender Offer Memorandum comes are required by the Company to inform themselves about and to observe any such restrictions.

**THIS INVITATION TO TENDER IS NOT BEING MADE TO, AND ANY OFFERS TO TENDER BONDS PURSUANT TO THE INVITATION TO TENDER WILL NOT BE ACCEPTED FROM, OR ON BEHALF OF, HOLDERS OF THE BONDS IN ANY JURISDICTION IN WHICH THE MAKING OF SUCH INVITATION TO TENDER WOULD NOT BE IN COMPLIANCE WITH THE LAWS OR REGULATIONS OF SUCH JURISDICTION. IN PARTICULAR, THE INVITATION TO TENDER IS NOT BEING MADE TO HOLDERS OF THE BONDS THAT ARE (I) IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA OR (II) ARE, OR ARE ACTING FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS" (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED) OR (III) ARE LOCATED OR RESIDENT IN THE REPUBLIC OF ITALY. NO INVITATION TO TENDER SHALL BE MADE IN ANY JURISDICTIONS WHERE THE SECURITIES, BLUE SKY OR OTHER LAWS REQUIRE THE INVITATION TO TENDER TO BE MADE BY A LICENSED BROKER OR DEALER.**



### 3. Indicative Offer Timetable

The following table sets out the expected dates and times of the key events relating to the Offer. This is an indicative timetable and is subject to change. All times are a reference to London time unless otherwise indicated.

<b>Date and time</b>	<b>Number of Business Days from and including Launch Date</b>	<b>Event</b>
2 December 2010 (9:00 am)	Day 0	<i>Launch Date</i> Offer announced and Tender Offer Memorandum available from the Tender Agent. Notice of Offer distributed to Bondholders through the Clearing Systems
2 December 2010 (8:00 pm, Melbourne time)	Day 0	<i>Announcement</i> As soon as practicable, announcement of Offer published on the SGX-ST website, the ASX website and the website of Alumina Limited at <a href="http://www.aluminalimited.com">www.aluminalimited.com</a>
15 December 2010 at 3:00 pm	Day 10	<i>Expiration Deadline</i> Deadline for receipt of valid Tender Instructions by the Tender Agent in order for Bondholders to be able to participate in the Offer
16 December at or around 9:00 am (Melbourne time)	Day 11	<i>Announcement of Acceptance and Results</i> Announcement by the Company of whether it accepts for repurchase Bonds validly tendered in the Offer and the aggregate nominal amount of such Bonds (if any) and, as soon as practicable after such announcement, publication of notice of the results of the Offer on the SGX-ST website, the ASX website and the website of Alumina Limited at <a href="http://www.aluminalimited.com">www.aluminalimited.com</a>
21 December 2010	Day 14	<i>Settlement Date</i> Payment of the Repurchase Price and Accrued Interest in respect of the Bonds accepted for repurchase

The above dates and times are subject, where applicable, to the right of the Company to extend, re-open, amend, and/or terminate the Offer. Bondholders are advised to check

with any bank, securities broker or other intermediary through which they hold Bonds whether such intermediary would require receipt of instructions to participate in the Offer before the deadlines specified above. **The deadlines set by each Clearing System for the submission of Tender Instructions will also be earlier than the relevant deadlines above.** See "Procedures for Participating in the Offer".

Unless stated otherwise, announcements will be made by announcement on the website of the SGX-ST, the ASX website and the website of Alumina Limited at [www.aluminalimited.com](http://www.aluminalimited.com) and by delivery of notices to the Clearing Systems for communication to Direct Participants. Copies of all announcements, notices and press releases can also be obtained from the Tender Agent, the contact details for which are on the last page of this Tender Offer Memorandum.

#### 4. Definitions

<b>Accrued Interest</b>	Interest accrued and unpaid on the Bonds from (and including) the immediately preceding interest payment date to (but excluding) the Settlement Date.
<b>Bondholder</b>	A holder of Bonds.
<b>Bonds</b>	The outstanding U.S.\$350,000,000 2.00 per cent. Convertible Bonds convertible into Ordinary Shares in Alumina Limited due 2013 (ISIN: XS0364556919).
<b>Business Day</b>	A day other than a Saturday or a Sunday or a public holiday on which commercial banks and foreign exchange markets are open for business in London, New York, Melbourne and Singapore.
<b>Clearing System Notice</b>	The "Deadlines and Corporate Events" or similar form of notice to be sent to Direct Participants by each of the Clearing Systems on or about the Launch Date informing Direct Participants of the procedures to be followed in order to participate in the Offer.
<b>Clearing Systems</b>	Clearstream, Luxembourg and Euroclear
<b>Clearstream, Luxembourg</b>	Clearstream Banking, société anonyme.
<b>Company</b>	Alumina Finance Limited (a company incorporated under the laws of the Commonwealth of Australia ACN 130 920 562).
<b>Direct Participant</b>	Each person shown in the records of the Clearing Systems as a holder of the Bonds.
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Expiration Date</b>	15 December 2010 (subject to the right of the Company to

	extend, re-open and/or terminate the Offer).
<b>Expiration Deadline</b>	3:00pm (London time) on the Expiration Date (subject to the right of the Company to extend, re-open and/or terminate the Offer).
<b>Launch Date</b>	2 December 2010.
<b>Offer</b>	The invitation by the Company to Bondholders (subject to the offer restrictions set out in " <i>Offer and Distribution Restrictions</i> ") to tender any or all of their Bonds for repurchase by the Company for cash, as set out in this Tender Offer Memorandum.
<b>Repurchase Price</b>	The amount payable by the Company for each U.S.\$10,000 in nominal amount of the Bonds in respect of which valid Tender Instructions were received by the Tender Agent prior to the Expiration Deadline and accepted by the Company for repurchase pursuant to the Offer, being U.S.\$10,000.
<b>Settlement Date</b>	21 December 2010 (subject to the right of the Company to extend, re-open, amend and/or terminate the Offer).
<b>Tender Agent</b>	The Bank of New York Mellon.
<b>Tender Instruction</b>	The electronic tender and blocking instruction for submission by a Bondholder via the relevant Clearing System in the form specified in the Clearing System Notice.

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## **5. The Offer**

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### **5.1 Rationale for the Offer**

The Offer is being made as part of the Company's commitment to active management of its balance sheet and funding costs. Furthermore, the transaction provides a degree of earlier liquidity to those holders whose Bonds are accepted in the Offer.

### **5.2 Terms of the Offer**

The Company invites Bondholders (subject to offer restrictions – see "*Offer and Distribution Restrictions*", and on the terms subject to the conditions contained in this Tender Offer Memorandum) to tender their Bonds for repurchase by the Company at the Repurchase Price plus Accrued Interest.

### **5.3 Acceptance and No Scaling**

Tenders of Bonds in the Offer will not be accepted from Bondholders in any circumstances in which an offer to buy Bonds or a solicitation of an offer to sell Bonds is unlawful.

It is the Company's intention to repurchase all Bonds validly tendered in accordance with this Tender Offer Memorandum, however, the Company is not obliged to accept Bonds tendered for repurchase. If the Company decides to accept valid tenders of Bonds pursuant to the Offer, the Company will accept for repurchase all of the Bonds that are validly tendered and there will be no scaling of any tenders of Bonds for repurchase.

Bonds that are not successfully tendered for purchase pursuant to the Offers will remain outstanding.

### **5.4 Total Amount Payable to Bondholders**

The total amount the Company will pay Bondholders on the Settlement Date for each U.S.\$10,000 in nominal amount of Bonds accepted for repurchase to the Offer will be an amount (rounded to the nearest U.S.\$0.01) equal to:

- (a) the Repurchase Price; and
- (b) Accrued Interest on such U.S.\$10,000 in nominal amount.

### **5.5 Acceptance of Tendered Bonds and Payment**

If the Offer is not extended, re-opened or terminated by the Company, the Company will announce at or around 9:00am (Melbourne time) on 16 December 2010 whether it accepts for repurchase Bonds validly tendered in the Offer and the aggregate nominal amount of such Bonds (if any). Bondholders are advised that the Company may, in its sole discretion, accept tenders of Bonds on more than one date if the Offer is extended or re-opened.

If Bonds validly tendered in the Offer are accepted for repurchase by the Company, the Repurchase Price and Accrued Interest for such Bonds will be paid on the Settlement Date in same day funds delivered to the Tender Agent which will act as agent for the Company for the purpose of receiving payments from or on behalf of the Company and transmitting such payments to the Clearing Systems for payment to the cash accounts of the relevant

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Bondholders in the Clearing Systems (see "*Procedures for Participating in the Offer*"). The deposit of such funds with the Tender Agent will discharge the obligation of the Company to all Bondholders in respect of the above amounts represented by such funds.

The Company will at any time have the discretion to accept for repurchase any Bonds tendered in the Offer, the tender of which would otherwise be invalid or, in the sole opinion of the Company, may otherwise be invalid.

The Company may reject tenders of Bonds it considers in its sole discretion not to have been validly tendered in the Offer and the Company is under no obligation to any relevant Bondholder to furnish any reason or justification for refusing to accept such tenders. For example, tenders of Bonds may be rejected and not accepted and may be treated as not having been validly tendered in the Offer if any such tender does not comply with the requirements of a particular jurisdiction.

Provided the Company makes or has made on its behalf full payment of the Repurchase Price and Accrued Interest for Bonds accepted for repurchase pursuant to the Offer to the Tender Agent on or before the Settlement Date, under no circumstances will any additional interest be payable because of any delay in the transmission of funds from the Tender Agent or any Clearing System or any payment agent or any other intermediary with respect to such Bonds.

The Company reserves the right, in its sole discretion, but subject to applicable law, to (a) delay acceptance for purchase of Bonds tendered pursuant to the Offer or the payment for Bonds accepted for purchase or (b) terminate the Offer at any time.

## **5.6 General Conditions of the Offer**

The Company expressly reserves the right, in its sole discretion, to delay acceptance of tenders of Bonds in the Offer in order to comply with applicable laws. In all cases, the repurchase of Bonds for cash pursuant to the Offer will only be made after the submission of a valid Tender Instruction in accordance with the procedures described in "*Procedures for Participating in the Offer*" including the blocking of the Bonds tendered in the relevant accounts at the relevant Clearing System until the earlier of (i) the time of settlement on the Settlement Date and (ii) the date of any termination of the Offer (including where such bonds are not accepted by the Company for repurchase) or on which the tender of such Bonds is revoked, in the limited circumstances in which such revocation is permitted. See also "*Risk Factors and Other Considerations*".

The failure of any person to receive a copy of this Tender Offer Memorandum or any announcement made or notice issued by the Company in connection with the Offer shall not invalidate any aspect of the Offer. No acknowledgement of receipt of any Tender Instruction and/or other documents will be given by the Company or the Tender Agent.

## **5.7 Announcements**

All announcements will be made by the Company by (i) the announcement on the SGX-ST website, (ii) the announcement on the ASX website, (iii) the announcement on the website of Alumina Limited at [www.aluminalimited.com](http://www.aluminalimited.com) and (iv) delivery of notices to the Clearing Systems for communication to Direct Participants. Significant delays may be experienced

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in respect of notices delivered to the Clearing Systems and Bondholders are urged to contact the Tender Agent for the relevant announcements during the course of the Offer, the contact details for which are on the last page of this Tender Offer Memorandum.

#### **5.8 Governing Law**

The Offer, any tender of Bonds in the Offer, and any non-contractual obligations arising out of or in connection with the Offer shall be governed by and construed in accordance with English law (see also "*Procedures for Participating in the Offer - General*").

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## **6. Risk Factors and Other Considerations**

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Before making a decision with respect to the Offer, Bondholders should carefully consider, in addition to the other information contained in this Tender Offer Memorandum, the following.

### **6.1 Uncertainty as to the Trading Market for Bonds not Repurchased**

To the extent any tendered Bonds are accepted by the Company for repurchase pursuant to the Offer, the trading markets for the Bonds that remain outstanding may be significantly more limited. Such remaining Bonds may command a lower market price than would a comparable issue of debt securities with greater market liquidity. A reduced market value may also make the trading price of such Bonds more volatile. As a result, the market price for Bonds that remain outstanding after completion of the Offer may be adversely affected by the Offer. Neither the Company nor the Tender Agent has any duty to make a market in the Bonds not tendered and repurchased in the Offer that remain outstanding.

### **6.2 Other Repurchases or Redemption of Bonds**

Whether or not the Offer is completed, the Company and its affiliates may, to the extent permitted by applicable law, continue to acquire, from time to time during or after the Offer, Bonds other than pursuant to the Offer, including through open market repurchases, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Offer and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Offer.

### **6.3 Blocking of Bonds**

When considering whether to tender Bonds in the Offer, Bondholders should take into account that restrictions on the transfer of the Bonds by Bondholders will apply from the time of such tender. A Bondholder will, on tendering Bonds in the Offer, agree that such Bonds will be blocked in the relevant account in the relevant Clearing System from the date the relevant tender of Bonds is made until the earlier of (i) the time of settlement of the Settlement Date and (ii) the date of any termination of the Offer (including where such Bonds are not accepted by the Company for repurchase) or on which the tender of such Bonds is revoked, in the limited circumstances in which such revocation is permitted.

### **6.4 Responsibility for Complying with the Procedures of the Offer**

Bondholders are responsible for complying with all of the procedures for submitting Tender Instructions. Neither the Company nor the Tender Agent assumes any responsibility for informing Bondholders of irregularities with respect to the Tender Instructions.

### **6.5 No Assurance Bonds Validly Tendered will be Accepted for Repurchase**

Although it is the Company's intention to repurchase all Bonds validly tendered pursuant to the Offer, until the Company announces whether it will accept for repurchase Bonds validly tendered in the Offer, which the Company expects to do at or around 9:00am (Melbourne

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time) on 16 December 2010, no assurance can be given that any such Bonds will be so accepted.

#### **6.6 Compliance with Offer and Distribution Restrictions**

Bondholders are referred to the offer and distribution restrictions on page 7 and the acknowledgements, agreements, representations, warranties and undertakings on pages 18 to 19, which Bondholders will be deemed to make on tendering Bonds in the Offer. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.



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## **7. Tax Consequences**

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In view of the number of different jurisdictions where tax laws may apply to a Bondholder, this Tender Offer Memorandum does not discuss the tax consequences to Bondholders of the repurchase of Bonds by the Company pursuant to the Offer. Each Bondholder is urged to consult its own professional advisers regarding these possible tax consequences under the laws of the jurisdiction that apply to it or to the sale of its Bonds and its receipt of the Repurchase Price and Accrued Interest. Each Bondholder is liable for its own taxes and shall be responsible for the payment of any transfer tax applicable to the tender of its Bonds (other than Australian Transfer Taxes (as described in section 11)) and has no recourse to the Company or the Tender Agent with respect to taxes arising in connection with the Offer.

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## 8. Procedures for Participating in the Offer

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*Bondholders who need assistance with respect to the procedures for participating in the Offer should contact the Tender Agent, the contact details for which are on the last page of this Tender Offer Memorandum.*

### 8.1 Summary of Action to be Taken

The Company will only accept tenders of Bonds in the Offer by way of submission of valid Tender Instructions in accordance with the procedures set out in this section "*Procedures for Participating in the Offer*".

To tender bonds in the Offer, a Bondholder should deliver, or arrange to have delivered on its behalf, via the relevant Clearing System and in accordance with the requirements of such Clearing System, a valid Tender Instruction that is received by the Tender Agent by the Expiration Deadline.

*Bondholders are advised to check with any bank, securities broker or other intermediary through which they hold Bonds whether such intermediary would require receipt of instructions to participate in, or revoke their instruction to participate in, the Offer before the deadlines specified in this Tender Offer Memorandum. **The deadlines set by each Clearing System for the submission and revocation of Tender Instructions will also be earlier than the relevant deadlines specified in this Tender Offer Memorandum.***

### 8.2 Tender Instructions

The tendering of Bonds in the Offer will be deemed to have occurred upon receipt by the Tender Agent via the relevant Clearing System of a valid Tender Instruction in accordance with the requirements of such Clearing System. The receipt of such Tender Instruction by the relevant Clearing System will be acknowledged in accordance with the standard practice of such Clearing System and will result in the blocking of the relevant Bonds in the relevant Clearing System so that no transfers may be effected in relation to such Bonds.

Bondholders must take the appropriate steps through the relevant Clearing System so that no transfers may be effected in relation to such blocked Bonds at any time after the date of submission of such Tender Instruction, in accordance with the requirements of the relevant Clearing System and the deadlines required by such Clearing System. By blocking such Bonds in the relevant Clearing System, each Direct Participant will be deemed to consent to have the relevant Clearing System provide details concerning such Direct Participant's identity to the Tender Agent and the Company.

**Only Direct Participants may submit Tender Instructions. Each Bondholder that is not a Direct Participant, must arrange for the Direct Participant through which it holds the relevant Bonds to submit a Tender Instruction on its behalf to the relevant Clearing System by the deadlines specified by such Clearing System.**

A Tender Instruction may only be revoked by a Bondholder, or the relevant Direct Participant on its behalf, in the limited circumstances described in "*Amendment and*

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*Termination – Revocation Rights*", by submitting a valid electronic revocation instruction to the relevant Clearing System. To be valid, such instruction must specify the Bonds to which the original Tender Instruction related, the securities account to which such Bonds are credited and any other information required by the relevant Clearing System.

By submitting a valid Tender Instruction to the relevant Clearing System in accordance with the standard procedures of such Clearing System, the holder of the relevant Bonds and any Direct Participant submitting such Tender Instruction on such holder's behalf shall be deemed to agree to, acknowledge, represent, warrant and undertake to the Company and the Tender Agent the following on each of the Expiration Date and the Settlement Date (if the holder of such Bonds or the Direct Participant is unable to give these acknowledgements, agreements, representations, warranties and undertakings, such holder or Direct Participant should contact the Tender Agent immediately):

- (a) it has received, reviewed and accepts the terms, conditions, risk factors and other considerations of the Offer, and the offer distribution restrictions, all as described in this Tender Offer Memorandum;
- (b) by blocking the relevant Bonds in the relevant Clearing System, it will be deemed to consent in the case of a Direct Participant, to have such Clearing System provide details concerning its identity to the Tender Agent (and for the Tender Agent to provide such details to the Company);
- (c) upon the terms and subject to the conditions of the Offer, it tenders in the Offer the nominal amount of Bonds in its account blocked in the relevant Clearing System and, subject to and effective on the repurchase by the Company of the Bonds blocked in such Clearing System, it renounces all right, title and interest in and to all such Bonds repurchased by or at the direction of the Company pursuant to the Offer and waives and releases any rights or claims it may have against the Company with respect to any such Bonds or the Offer;
- (d) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;
- (e) no information has been provided to it by the Company or the Tender Agent, or any of their respective directors or employees, with regard to the tax consequences for holders of Bonds arising from the tender of Bonds in the Offer and the receipt of the Repurchase Price and Accrued Interest and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its tendering Bonds in the Offer and agrees that it will not and does not have any right of recourse (whether by way or reimbursement, indemnity or otherwise) against the Company or the Tender Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments;
- (f) it is not a person to whom it is unlawful to make an invitation pursuant to the Offer under applicable securities laws;

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- (g) it is not in the United States or a U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) or acting for the account or benefit of a U.S. Person;
  - (h) it is not resident in the Republic of Italy or a person located in the Republic of Italy;
  - (i) either (a) it is the beneficial owner of the Bonds being tendered in the Offer or (b) it is acting on behalf of the beneficial owner of the Bonds being tendered in the Offer on a non-discretionary basis and has been duly authorised to so act;
  - (j) it has full power and authority to tender the Bonds it has tendered in the Offer pursuant to the Tender Instruction and, if such Bonds are accepted for repurchase by the Company pursuant to the Offer, such bonds will be transferred to, or for the account of the Company with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached thereto, and it will upon request, execute and deliver any additional documents and/or do such other things deemed by the Company to be necessary or desirable to complete the transfer and cancellation of such Bonds or to evidence such power and authority; and
  - (k) it holds and will hold, until the time of settlement on the Settlement Date, the relevant Bonds blocked in the relevant Clearing System and, in accordance with the requirements of such Clearing System and by the deadline required by such Clearing System, it has submitted, or has caused to be submitted, the Tender Instruction to such Clearing System to authorise the blocking of the tendered Bonds with effect on and from the date of such submission so that, at any time pending the transfer of such Bonds on the relevant Settlement Date to the Company or to its agent on its behalf, no transfers of such Bonds may be effected.

The receipt of a Tender Instruction by the relevant Clearing System will constitute (i) instructions to debit the securities account of the relevant Direct Participant on the Settlement Date in respect of all of the Bonds the relevant Bondholder has validly tendered in the Offer, where such Bonds are accepted for repurchase by the Company, upon receipt by such Clearing System of an instruction from the Tender Agent to receive such Bonds for the account of the Company and against credit of the relevant amount in cash from the Company equal to the Repurchase Price and Accrued Interest for such Bonds, subject to the automatic revocation of those instructions on the date of any termination of the Offer (including where such Bonds are not accepted for repurchase by the Company) or the valid revocation or such Tender Instruction in the limited circumstances described in "*Amendment and Termination – Revocation Rights*", and (ii) authority in favour of the Company and the Tender Agent to do anything required to give effect to the transfer of the Bonds.

### **8.3 General**

- (a) Minimum Tradeable and Tender Amounts

For so long as the Bonds are represented by a Global Certificate and Euroclear and Clearstream, Luxembourg so permit, the Bonds are tradeable, and accordingly

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can only be tendered in the Offer, in minimum nominal amounts of U.S.\$10,000 and integral multiples thereof.

(b) Irrevocability

The submission of a valid Tender Instruction in accordance with the procedures set out in this section "*Procedures for Participating in the Offer*" will be irrevocable (except in the limited circumstances described in "*Amendment and Termination – Revocation Rights*").

(c) Irregularities

All questions as to the validity, form and eligibility (including time of receipt) of any Tender Instruction or as to the revocation of any Tender Instruction will be determined by the Company, in its sole discretion, and such determination will be final and binding.

The Company reserves the absolute right to reject any and all Tender Instructions or revocation instructions not in proper form in or respect of which, in the opinion of the Company's legal advisers, the acceptance by the Company may be unlawful. The Company also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Tender Instructions or revocation instructions. The Company also reserves the absolute right to waive any such defect, irregularity or delay in respect of particular Bonds, whether or not the Company elects to waive similar defects, irregularities or any delay in respect of other Bonds.

Any defect, irregularity or delay must be cured within such time as the Company determines, unless waived by it. Tender Instructions will be deemed not to have been made until such defects, irregularities or delays have been cured or waived. Neither the Company nor the Tender Agent shall be under any duty to give notice to a Bondholder of any defects, irregularities or delays in any Tender Instruction or revocation instructions nor shall any of them incur any liability for failure to give such notice.

(d) Governing Law

The Offer, each Tender Instruction, any repurchase of Bonds pursuant to the Offer, and any non-contractual obligations arising out of or in connection with the Offer, shall be governed by and construed in accordance with English law. By submitting a Tender Instruction, the relevant Bondholder will irrevocably and unconditionally agree for the benefit of the Company and the Tender Agent that the courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Offer or such Tender Instruction and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

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## 9. Amendment and Termination

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### 9.1 Amendment and Termination

Notwithstanding any other provision of the Offer, the Company may, subject to applicable laws, at its option:

- (a) extend the Expiration Deadline (in which case all references in this Tender Offer Memorandum to "Expiration Deadline" shall, unless the context requires otherwise, be to the latest time and date to which such Expiration Deadline has been so extended);
- (b) extend, re-open or amend the Offer in any respect (including, but not limited to, any extension, re-opening or amendment, as applicable, in relation to the Expiration Deadline, and/ or Settlement Date); or
- (c) delay acceptance of or, subject to applicable law, repurchase of Bonds tendered in the Offer.

The Company also reserves the right at any time to waive any or all of the conditions of the Offer as set out in this Tender Offer Memorandum. The Company will ensure Bondholders are notified of any such extension, re-opening or amendment as soon as is reasonably practicable after the relevant decision is made by way of a notice delivered to the Clearing Systems for communication to Direct Participants and published on the SGX-ST website, the ASX website and the website of Alumina Limited at [www.aluminalimited.com](http://www.aluminalimited.com). To the extent a decision is made to waive any condition of the Offer generally (as opposed to in respect of certain tenders of Bonds only), such decision will also be announced as soon as is reasonably practicable thereafter by way of a notice delivered to the Clearing Systems for communication to Direct Participants and published on the SGX-ST website, the ASX website and the website of Alumina Limited at [www.aluminalimited.com](http://www.aluminalimited.com).

At any time before acceptance of Bonds validity tendered in the Offer by the Company, which the Company expects to announce at or around 9.00am (Melbourne time) on 16 December 2010, the Company may, in its sole discretion, terminate the Offer, including with respect to Tender Instructions submitted before the time of such termination, by giving notice of such termination by a notice delivered to the Clearing Systems for communication to Direct Participants and published on the SGX-ST, the ASX website and the website of Alumina Limited at [www.aluminalimited.com](http://www.aluminalimited.com).

### 9.2 Revocation Rights

If the Company amends the Offer in any way (other than as set out above in "*Amendment and Termination*") that, in the Company's opinion is materially prejudicial to Bondholders that have already tendered Bonds in the Offer before the announcement of such amendment (which announcement shall include a statement that, in the Company's opinion, such amendment is materially prejudicial to such Bondholders), then such tenders of Bonds may be revoked at any time from the date and time of such announcement until 3.00pm (London time) on the third Business Day following such announcement (subject to

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the earlier deadlines required by the Clearing Systems and any intermediary through which Bondholders hold their Bonds).

Bondholders wishing to exercise any rights of revocation should do so in accordance with the procedures set out in "*Procedures for Participating in the Offer*". Beneficial owners of Bonds that are held through an intermediary are advised to check with such entity when it would require receipt of instructions to revoke a tender of Bonds in the Offer in order to meet the above deadline. For the avoidance of doubt, any Bondholder who does not exercise any such right of revocation in the circumstances and in the manner specified above, shall be deemed to have waived such right of revocation and its original Tender Instruction will remain effective.

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## **10. Tender Agent**

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The Company has retained The Bank of New York Mellon to act as Tender Agent for the Offer. The Company and the Tender Agent may, subject to applicable laws and regulations, contact Bondholders regarding the Offer and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Tender Offer Memorandum and related materials to Bondholders.

None of the Tender Agent nor any of its directors, employees or affiliates assume any responsibility for the accuracy or completeness of the information concerning the Offer or the Company or any of its affiliates contained in this Tender Offer Memorandum or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of the information in this Tender Offer Memorandum.

None of the Tender Agent nor any of its directors, employees or affiliates make any representation or recommendation whatsoever regarding the Offer, or any recommendation as to whether Bondholders should tender Bonds in the Offer.

The Tender Agent is the agent of the Company and owes no duty to any holder of Bonds.



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## 11. Fees and Expenses

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No fees or commissions have been or will be paid to any broker, dealer or other person, other than the Tender Agent and its advisers, in connection with the Offer.

The Company will pay all transfer taxes imposed on the transfer of Bonds by or on behalf of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax (each such tax on the transfer of Bonds, an **Australian Transfer Tax**), if any, with respect to the Bonds. However, if Bonds for principal amounts not accepted for tender are to be delivered to, or are to be registered or issued in the name of, any person other than the holder of the Bonds, or if tendered Bonds are to be registered in the name of any other person other than the person electronically transmitting the relevant Tender Instruction through the procedures of the Clearing Systems, or if a transfer tax is imposed which is not an Australian Transfer Tax, or is imposed for any reason other than the repurchase of Bonds pursuant to the Offer, then the amount of any transfer tax (whether imposed on the holder of the Bonds or any other person) will be payable by the tendering Bondholder. If satisfactory evidence of payment of that tax or exemption therefrom is not submitted, then the amount of the transfer tax will be deducted from the total consideration otherwise payable to the tendering Bondholder. Any remaining amount will be billed directly to the tendering Bondholder.

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*Requests for information in relation to the Offer should be directed to:*

**THE COMPANY**

**Alumina Finance Limited**

**Level 12, IBM Centre**

**60 City Road, Southbank**

**Victoria, 3006, AUSTRALIA**

For information by telephone : +61 3 8699 2613

Attention: Charles Smitheram

Email: [charles.smitheram@aluminalimited.com](mailto:charles.smitheram@aluminalimited.com)

*Requests for information in relation to the procedures for tendering Bonds in, and for any documents or materials relating to, the Offer should be directed to:*

**THE TENDER AGENT**

**The Bank of New York Mellon**

**One Canada Square**

**40<sup>th</sup> Floor**

**London E14 5AL, UNITED KINGDOM**

Fax: 44 20 7964 6369

Attention: Global Corporate Trust

**with a copy to**

**The Bank of New York Mellon**

**One Temasek Avenue**

**#03-01 Millenia Tower**

**Singapore 039192**

Fax: +65 6883 0338

Attention: Global Corporate Trust

Email: [GTSAPRM@bnymellon.com](mailto:GTSAPRM@bnymellon.com) (with a copy to [GTSAPTA@bnymellon.com](mailto:GTSAPTA@bnymellon.com))

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