To: The Manager
Announcements
Company Announcements Office
Australian Securities Exchange

Public Announcement 2011 – 22 AWC

GOVERNMENT CARBON PRICING ANNOUNCEMENT

Alumina Limited notes the Government's announcement relating to proposed carbon pricing.

Alumina Limited CEO, John Bevan, commented, "The Australian alumina and aluminium industries are amongst the most efficient in the world and compete in a global marketplace in which producers are largely not subject to a carbon price. We support an economy-wide response to the challenge of climate change that incentivises improvements while preserving the international competitiveness of the Australian industry.

"Alcoa World Alumina & Chemicals ("AWAC") has made considerable progress in the reduction in direct emissions at its operations over the past two decades.

"We have reviewed the Government announcement in relation to the proposed carbon price but we are yet to see the full detail of the legislation and regulations and this is what will determine if the Australian alumina and aluminium industries remain competitive. The treatment of electricity intensity in EITE permit allocation and ensuring EITE permit allocations do not decay before overseas competitors adopt a comparable carbon price are critical for the Australian industry.

"We can't accurately determine the financial and operational impact until we see the detail."

A presentation providing more information about the Australian alumina and aluminium industries and the AWAC operations is attached and is also available on our website at www.aluminalimited.com.

Alcoa of Australia is part of the AWAC joint venture, which is 60% owned by Alcoa Inc and 40% owned by Alumina Limited.

Some statements in this public announcement are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual outcomes to be different from the forward-looking statements. Important factors that could cause actual results to differ from the forward-looking statements include: (a) material adverse changes in global economic, alumina or aluminium industry conditions and the markets served by AWAC; (b) changes in production and development costs and production levels or to sales agreements; (c) changes in laws or regulations or policies; (d) changes in alumina and aluminium prices and currency exchange rates; and (e) the other risk factors summarised in Alumina's Form 20-F for the year ended 31 December 2010.

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Alumina Limited Australian Greenhouse Gas Position

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Disclaimer

This presentation is not a prospectus or an offer of securities for subscription or sale in any jurisdiction.

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Forward-looking statements that reference past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. Alumina Limited does not undertake any obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward-looking statements which speak only as of the date of the relevant document.

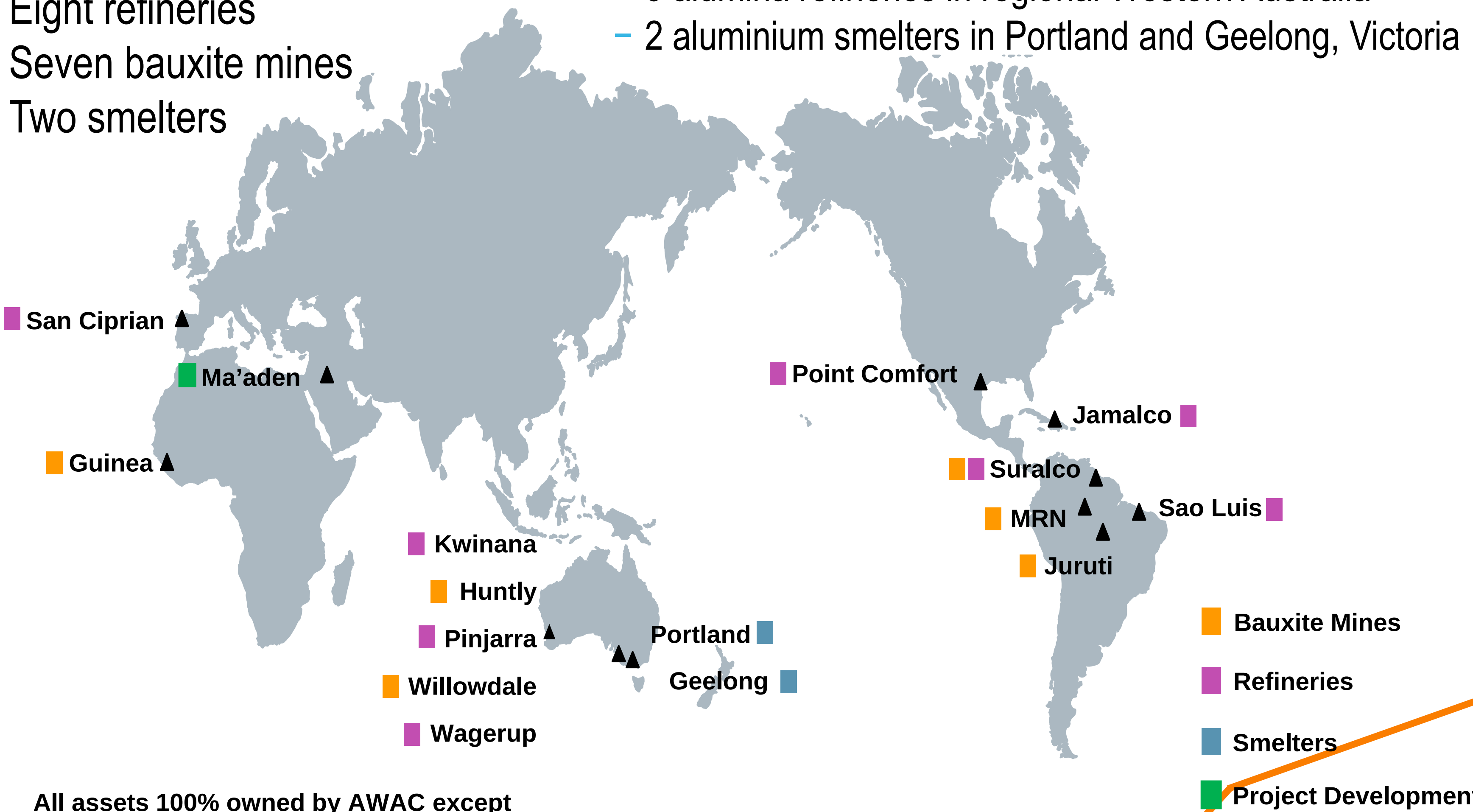
Who is ALUMINA LIMITED

- Listed on ASX and NYSE
- Open register – majority Australian owned
- Only asset is 40% joint venture shareholding in world's largest bauxite and alumina business (with Alcoa Inc.)
- JV known as AWAC owns 8 refineries, 7 mines, 2 smelters in 7 countries

A global alumina and aluminium producer

- Alumina Limited owns 40% of Alcoa of Australia
  - Bauxite mining in Western Australia
  - 3 alumina refineries in regional Western Australia
  - 2 aluminium smelters in Portland and Geelong, Victoria

- Eight refineries
- Seven bauxite mines
- Two smelters



All assets 100% owned by AWAC except

Portland Smelter – 55%	**Guinea – 23%**
Sao Luis - 40%	**MRN – 9.6%**
Jamalco – 55%	**Ma'aden – 25.1%**

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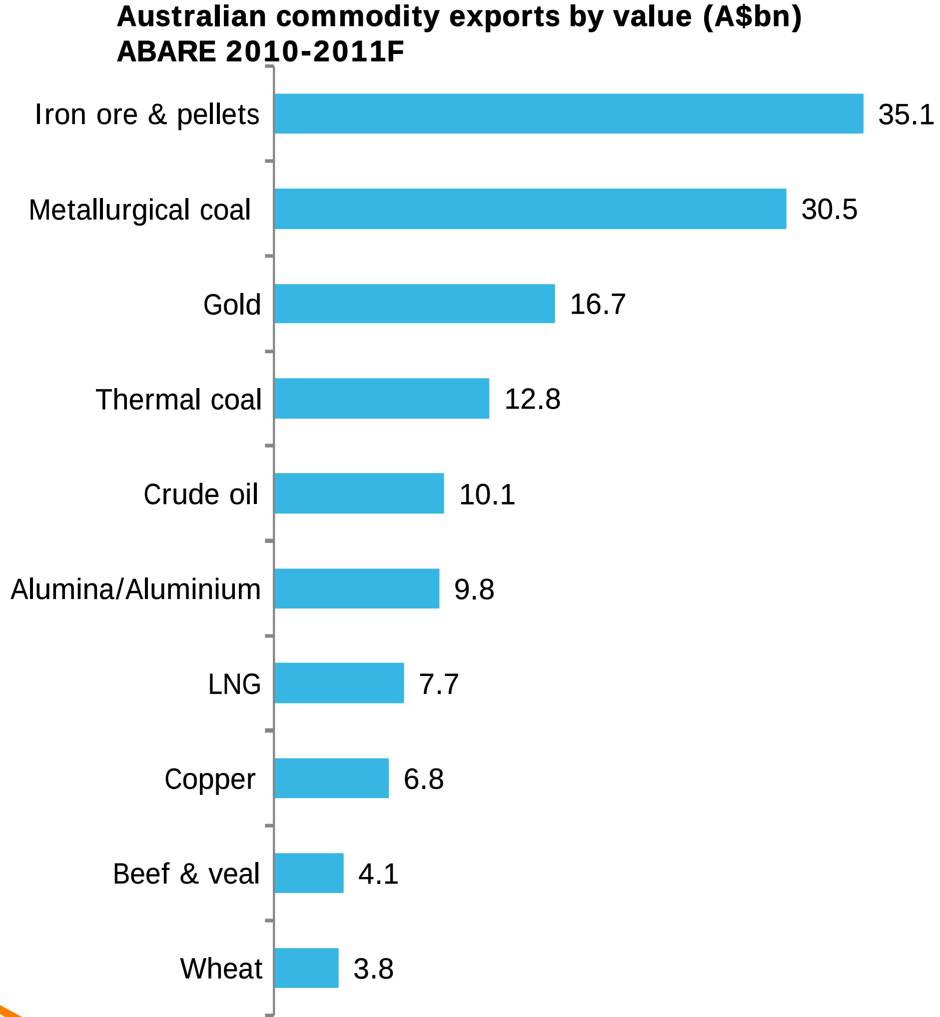
Australia's highest manufactured export earner



- The Australian aluminium industry:
  - is globally competitive
  - adds significant value to an Australian resource (bauxite) by processing into alumina and aluminium
  - Aluminium industry employs 17,000+ people and with flow on impacts sustains more than 50,000 regional families*

**Source: Australian Aluminium Council Ltd*

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Australia is a leader in the global industry

Bauxite		Alumina		Aluminium	
Australia	33%	China	31%	China	41%
China	19%	Australia	26%	Russia	9%
Brazil	15%	Brazil	10%	Canada	7%
India	9%	India	5%	Australia	5%
Guinea	8%	USA	4%	USA	4%

Aluminium is the second most used metal after iron

Source: Australian Aluminium Council Ltd

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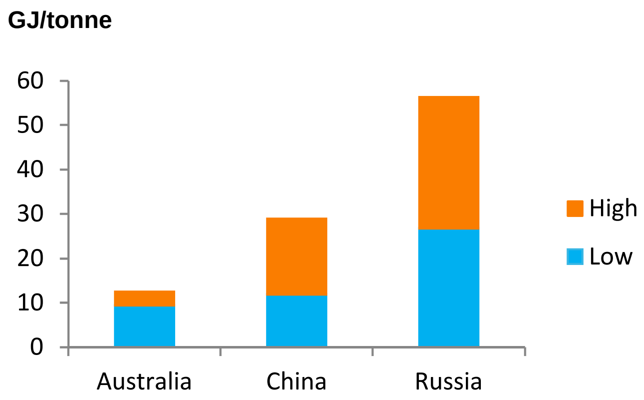
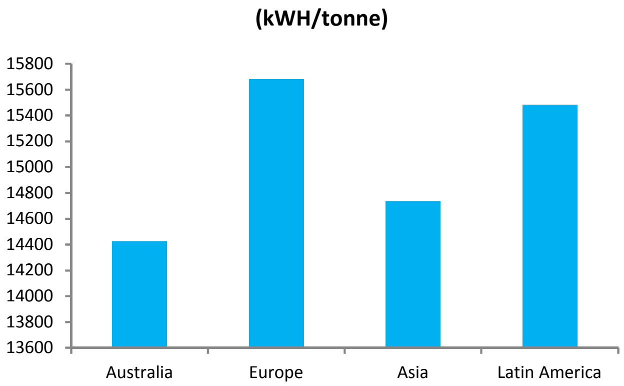
Australia is a globally energy-efficient producer

Alumina Energy Use[1]



Aluminium Energy Use[1]



- Any carbon tax impost reduces Australia's international competitiveness
- China world's largest and fastest growing alumina and aluminium producer
- Chinese future smelters expected to mainly run on electricity from regional captive coal
- China currently has virtually no carbon impost (US\$0.85/tCO_2)[2]
- Energy used in Australia's alumina production and in smelting is better than the global average

[1] *Source: International Aluminium Institute (2009 data)*

[2] *Source: Australian Aluminium Council 2010*

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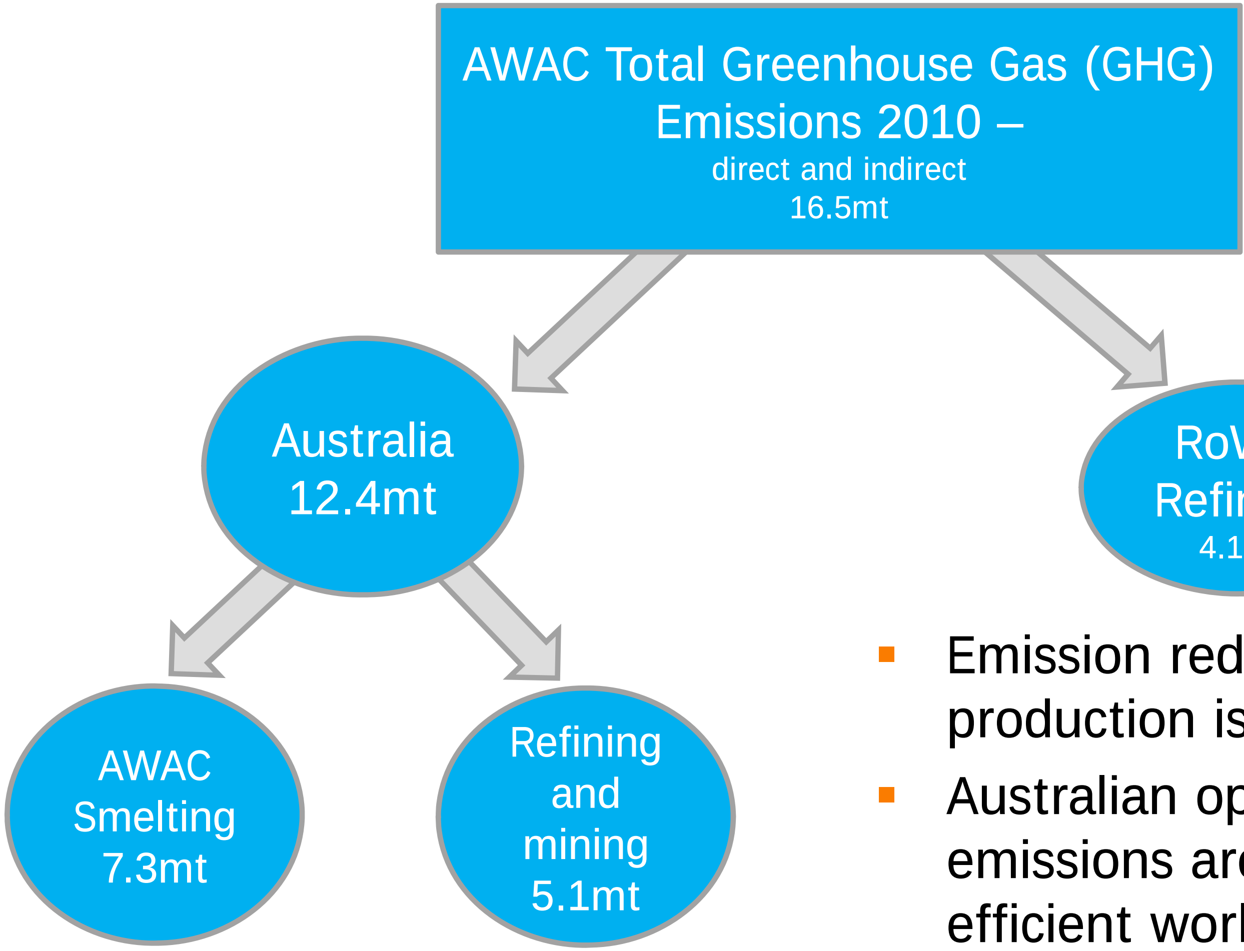
AWAC* is a global producer



- Emission reduction per tonne of production is a constant objective
- Australian operations direct emissions are some of the most efficient worldwide

*AWAC is the global joint venture 40% owned by Alumina Limited and 60% by Alcoa Inc.

AWAC's Victorian smelter operations

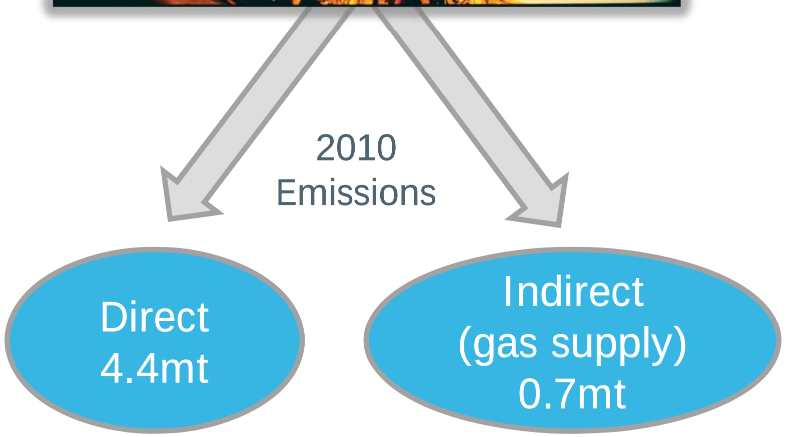
2010
Emissions

Direct
0.7mt

Indirect**
6.6mt

- Smelter production 356,000+t (AWAC share)
- Total AWAC GHG emissions 7.3mt**
- Direct GHG emissions reduced 65% per tonne since 1990
- GHG emissions per tonne down 8% since 2008 and 3% 2009-10
- Aluminium is Victoria's largest export

AWAC 's Western Australian refining operations



- AWAC W.A. refineries produce 9 million tpa of alumina – largest alumina cluster globally
- Total AWAC mining and refining emissions 5.1 million tonnes in W.A.
- Refining reduced GHG intensity 23% since 1990
- GHG emissions per tonne down 1% 2009-10

Parameters of carbon tax

- Based on an initial review of the announcement by the Government, the scheme will commence 1 July 2012 with:
  - 94.5% free permit allocation factor applying for smelting and refining
  - 1.3% p.a. permit decline (90% floor expected if 70% of relevant global competitors do not have comparable carbon constraints)
  - Scheme based on direct emissions and contractual arrangements will govern the electricity and domestic gas pass through of carbon tax costs for indirect emissions
  - Fixed price (tax of $23/t year 1, $24.15/t year 2 and $25.40/t year 3, based on a 2.5% rise with 2.5% inflation) transitioning through to permit trading scheme from 1 July 2015
  - Diesel fuel rebate reductions not expected to have a significant impact on AWAC
- Until we see the Regulations we are not able to reasonably determine the impact on AWAC

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Appendix 1 - GHG emissions (AWC's 40% interest in AWAC)**

		2010	2009
Location	**Activity**	**CO_2 equivalent (million tonnes)**	**CO_2 equivalent (million tonnes)**
Australia	Smelting	2.9	3.0
Australia	Refining and mining	2.0	2.0
Australia Total		**4.9**	**5.0**
Atlantic Total		**1.6**	**1.2**
Global Total		**6.5**	**6.2**
Alumina production (tonnes)		6,070,000	5,400,000
Aluminium production (tonnes)		142,300	147,200

** All figures based on calendar year and AWAC holding 55% interest in Portland and not including Alcoa's Australian rolling mills. Anglesea emissions treated as indirect.

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