

To: The Manager
Announcements
Company Announcements Office
Australian Stock Exchange



Public Announcement 2004 – 34AWC

Attached is a copy of a statement by Alcoa Inc. concerning Alcoa World Alumina and Chemicals (AWAC). AWAC and the Government of Jamaica have signed an agreement in principle to expand the Jamalco alumina refinery in Clarendon Jamaica by more than 1.5 million metric tons per year (mtpy). The expansion will more than double the refinery's total capacity to at least 2.8 million mtpy. In addition, AWAC ownership in the refinery will move from 50 per cent to 70 per cent with the Government of Jamaica retaining ownership of the remaining 30 per cent.

AWAC is a global joint venture between Alumina Limited and Alcoa.

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

Stephen Foster
Company Secretary

23 December 2004

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Alcoa, Government of Jamaica Agree to Expand Jamalco Alumina Refinery By More Than 1.5 Million Mtpy; AWAC Ownership Moves To 70 Percent

PITTSBURGH--(BUSINESS WIRE)--Dec. 22, 2004--Alcoa today announced that its Alcoa World Alumina and Chemicals (AWAC) affiliate and the Government of Jamaica have signed an agreement in principle to expand the Jamalco alumina refinery in Clarendon, Jamaica by more than 1.5 million metric tons per year (mtpy). The expansion will more than double the refinery's total capacity to at least 2.8 million mtpy. In addition, AWAC ownership in the refinery will move from 50 percent to 70 percent. The government of Jamaica will continue to own the remaining 30 percent.

AWAC will pay approximately 85 percent of the total proposed \$800 million for the expansion and movement to 70 percent ownership. The expansion initiative stems from a 2002 agreement with the Jamaican government to remove a nearly 30-year-old levy on bauxite in order to encourage investment. At the time of the initial expansion (completed in 2003), the removal of the levy along with the expansion lowered costs at Jamalco by approximately 30%. This new expansion will place Jamalco among the world's lowest-cost refineries. AWAC is a global alliance between Alcoa and Alumina Ltd, with Alcoa holding 60 percent.

A final decision to move forward on the project is expected to be made in the first half of 2005. Upon approval, it is expected that the expansion project will be completed by the end of 2007.

The Jamalco expansion is one of several key alumina expansion projects being actively pursued by AWAC. The others include:

- Guinea - where Alcoa World Alumina, Alcan and the Government of the Republic of Guinea have signed a protocol for developing jointly a 1.5 million metric ton per year (mtpy) alumina refinery in Guinea, West Africa. A detailed feasibility study for the refinery is expected to be completed by mid-2005, with construction to begin thereafter.
- Suriname-Paranam -- Suralco, owned by AWAC, is now expected to complete the previously announced 250,000 mtpy expansion to its Paranam alumina refinery in January 2005, 6 months ahead of schedule. Upon completion, the facility's total capacity will be approximately 2.2 million mtpy.

Also, Suralco and BHP Billiton are engaged in bauxite exploration in western Suriname that could confirm significant additional reserves, leading to further expansion of alumina production capability in Suriname via brownfield or greenfield development.

Suralco and BHP Billiton own 55% and 45%, respectively, of the Paranam facility. BHP Billiton is the parent company of Suralco's joint venture partner in Suriname.

- Australia - Pinjarra -- The 600,000 mtpy efficiency upgrade of the AWAC facility in Pinjarra Australia continues to be on-track for completion by the end of 2005. Upon completion of the upgrade, the facility's capacity will expand from 3.4 million mtpy to 4 million mtpy, further enhancing one of the worlds most successful and cost-efficient alumina refineries.
- Brazil-Sao Luis -- Engineering efforts and work toward securing permits for the 2-million mtpy expansion of the Alumar alumina refinery in Sao Luis and the Juruti bauxite reserve in Brazil were recently expedited. Alcoa's board is expected to review these projects and make a final decision late in 2005. Preliminary design studies have already been completed.

The Alumar refinery is jointly owned by BHP Billiton (36%), Alcan (10%), Alcoa Aluminio (35.1%) and Abalco S.A. (18.9%). Abalco is part of AWAC.