

Summary and Important Notices

1. Summary of the Demerger
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3. Important notices



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Summary and Important Notices

Sections 1 and 2 are a summary only of the important matters detailed in this Scheme Booklet. WMC Shareholders and WMC Optionholders should read this Scheme Booklet in its entirety, including Section 3 ('Important notices'), before deciding how to vote on the resolutions to be considered at the Meetings. Capitalised terms used in this Scheme Booklet are defined in the Glossaries in Part E and/or where the relevant term is first used.

1. Summary of the Demerger

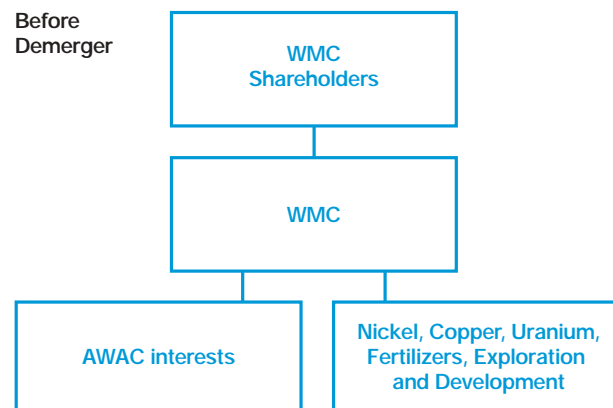
1.1 About the Demerger

On 21 November 2001, WMC announced a proposal to demerge its interest in AWAC from its copper-uranium, nickel and fertilizer businesses and its exploration and development interests. The proposal will result in existing WMC Shareholders (other than certain ineligible shareholders resident outside Australia) receiving shares in a 'new' listed entity 'WMC Resources Ltd', which will hold the non-AWAC businesses and interests.

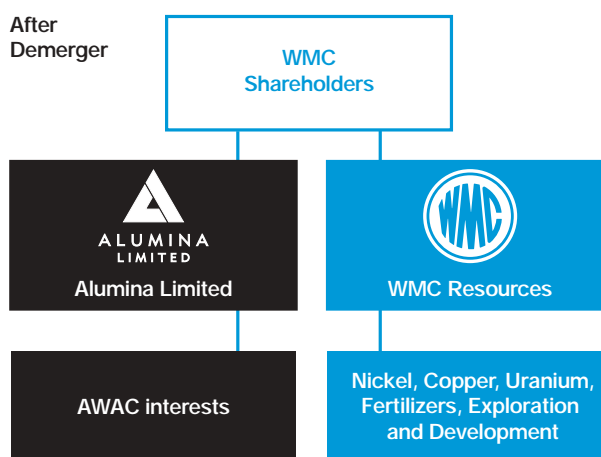
WMC will continue to operate and be listed on the ASX after the Demerger, but the company will be renamed 'Alumina Limited' and will have a significantly different profile, as its primary asset will be WMC's existing 40% interest in AWAC. You will continue to hold the same number of WMC Shares but these shares will trade under the company's new name, Alumina Limited.

If you are an Eligible WMC Shareholder (see Section 2.1), the Demerger will, therefore, result in you holding equivalent interests to that which you held through your shareholding in WMC immediately prior to the Demerger, although you will hold those interests through two separate listed companies and will be able to retain or deal with interests in those companies separately.

Currently, WMC holds the businesses shown in the diagram below:



Following the Demerger, WMC's assets will be held by two separate listed companies, as set out in the diagram below.



It is intended that WMC Resources will be listed on the ASX and the NYSE. Alumina Limited will retain WMC's current ASX and NYSE listings.

The Demerger will be implemented through a number of steps, details of which are set out in Section 5.1.2.

The Demerger requires WMC Shareholder approval. Meetings have been scheduled for 29 November 2002 at which such approval will be sought. **Your WMC Directors unanimously recommend that you vote in favour of the proposed Demerger.** Details of the Meetings are set out in Sections 2.4 and 5.3.

The Demerger also requires Court approval, which (if shareholder approval of the Demerger is obtained) is expected to be sought on 2 December 2002.

1. SUMMARY OF THE DEMERGER

1.1 ABOUT THE DEMERGER

1.2 DEMERGED ENTITIES AT A GLANCE



1.2 Demerged entities at a glance



Alumina Limited	WMC Resources
A major ASX listed Australian company holding 40% of AWAC, the world's largest alumina producer with a leading market position	A major ASX listed Australian diversified resources company producing nickel, copper, uranium, fertilizers and a range of other intermediate products from a portfolio of quality, long life assets
<p>Key interests</p> <ul style="list-style-type: none"> 40% holding in AWAC: with interests in bauxite mining, alumina refining, alumina chemicals and two aluminium smelters, AWAC is the world's largest alumina producer, accounting for approximately 25% of world production 	<p>Key interests</p> <ul style="list-style-type: none"> Nickel: a fully integrated nickel mining, concentrating, smelting and refining business, accounting for approximately 8% of world production Olympic Dam: the world's eighth largest copper ore body on current reserves, with significant quantities of uranium, gold and silver Queensland Fertilizer Operations: an integrated, high-analysis fertilizers operation of world-scale – a first of its kind in Australia Significant development and exploration interests within Australia and internationally
<p>Characteristics</p> <ul style="list-style-type: none"> A unique direct investment opportunity in one of the world's premier minerals businesses, AWAC AWAC has a proven track record of growth, low cost production, strong cash flows and consistent returns since formation in 1995 A stand-alone, independently managed business with significant organic growth opportunities within AWAC Expected to be included in key S&P/ASX indices and expected to trade in the ASX Top 50 	<p>Characteristics</p> <ul style="list-style-type: none"> A suite of three quality assets, each of which has fully integrated production facilities, long-life reserves and competitive production costs Significant expansion opportunities in existing businesses Fully integrated production facilities in low political risk jurisdictions, and with minimal environmental issues Experienced, dedicated management team and a history of exploration success Expected to be included in key S&P/ASX indices and expected to trade in the ASX Top 50 Investment grade credit rating expected to be obtained (Standard and Poor's has assigned a preliminary BBB long-term credit rating with a stable outlook)

1.3 Effect of the Demerger

If the Demerger is approved, it will have the following implications for WMC Shareholders, including those shareholders who vote against the Demerger or do not vote at all:

- Eligible WMC Shareholders will receive one share in WMC Resources for each share that they hold in WMC.
- WMC Shareholders will retain their holding of WMC Shares, but those shares will trade under the company's new name, Alumina Limited.
- Eligible WMC Shareholders will not be called upon to make any cash payment nor receive any cash as a result of the Demerger.
- Due to regulatory constraints, Ineligible Overseas Shareholders will receive cash instead of the WMC Resources Shares to which they would otherwise be entitled under the Demerger in accordance with the cash out mechanism described in Section 5.1.5.
- WMC Resources Shares will be listed on the ASX and will be able to be traded separately from Alumina Limited Shares from the Listing Date.
- WMC Shares will continue to be listed on the ASX, but will trade under WMC's new name Alumina Limited from the Listing Date.

Further information about the key elements of the Demerger and its effect on WMC Shareholders is set out in Section 5.1.

WMC is also putting forward the Option Scheme for consideration by the WMC Optionholders in connection with the Demerger. The details of the Option Scheme, including its effect on WMC Optionholders, are set out in Section 5.2.

1.4 Key elements of the Demerger

The Demerger incorporates the Share Scheme, the Capital Reduction and the Share Scheme Dividend, under which:

- the share capital of WMC will be reduced by the Reduction Amount (ie an amount of A\$2.78 per WMC Share on issue at the Share Scheme Record Date);
- WMC will pay the Share Scheme Dividend (a notional cash dividend of A\$0.73 per WMC Share on issue at the Share Scheme Record Date); and
- the Reduction Amount and the Share Scheme Dividend will be automatically applied by WMC, on behalf of WMC Shareholders, to the transfer to those shareholders of one WMC Resources Share for each WMC Share held at the Share Scheme Record Date (except Ineligible Overseas Shareholders who will have the WMC Resources Shares to which they are entitled sold and the net sale proceeds remitted to them, as described in Section 5.1.5.)

Further details of the key steps involved in implementing the Demerger are set out in Section 5.1.2.

1.5 WMC Board's recommendation

The WMC Directors believe that the Demerger, including the Share Scheme, the Capital Reduction, the Share Scheme Dividend and the matters proposed under the Ancillary Demerger Resolutions, and the Option Scheme, are fair and reasonable to all WMC Shareholders and WMC Optionholders, are in the best interests of WMC, WMC Shareholders and WMC Optionholders and will not materially prejudice WMC's ability to pay its creditors.

Each WMC Director recommends that you vote in favour of the resolutions required to implement the Demerger and the Option Scheme and intends to vote all WMC Shares and WMC Options controlled by that director in favour of the resolutions required to implement the Demerger and the Option Scheme respectively.

Reasons for the recommendation and intentions of the WMC Board are set out in Section 4.

1. SUMMARY OF THE DEMERGER

1.3 EFFECT OF THE DEMERGER

1.4 KEY ELEMENTS OF THE DEMERGER

1.5 WMC BOARD'S RECOMMENDATION

1.6 ADVANTAGES, DISADVANTAGES, RATIONALE AND RISKS OF THE DEMERGER

1.7 INDEPENDENT REVIEW OF THE DEMERGER

1.8 RELATIONSHIP BETWEEN ALUMINA LIMITED AND WMC RESOURCES POST-DEMERGER

1.6 Advantages, disadvantages, rationale and risks of the Demerger

The advantages, disadvantages, rationale and risks of the Demerger, together with the alternatives to the Demerger considered by the WMC Board, are set out in Section 4. The WMC Board has considered these matters carefully in forming its recommendation that the Demerger is in the best interests of WMC Shareholders, and is of the view that the advantages of the Demerger outweigh its disadvantages and potential risks. You should consider these matters when deciding whether or not to approve the resolutions required to implement the Demerger.

1.7 Independent review of the Demerger

The Demerger has been reviewed by an independent expert, Grant Samuel, whose report is contained in Section 11.

Grant Samuel's report concludes that the Demerger is in the best interests of WMC Shareholders.

1.8 Relationship between Alumina Limited and WMC Resources post-Demerger

Alumina Limited and WMC Resources will operate independently following the Demerger with separate directors and management. The relationship between Alumina Limited and WMC Resources after the Demerger is explained in more detail in Section 5.5.

2. Questions and answers about the Demerger

2.1 Questions about the Demerger in general

Why has this Scheme Booklet been sent to you?

This Scheme Booklet has been sent to you because you are a WMC Shareholder or a WMC Optionholder. Its purpose is to provide you with information relevant to your consideration of the Demerger and, for WMC Optionholders, the Option Scheme, and the resolutions which must be passed in order to implement the Demerger and the Option Scheme. Details of the Schemes are set out in Section 5. The terms of the Schemes are set out in Section 15.

WMC Shareholders should read this Scheme Booklet in its entirety before deciding whether or not to approve the resolutions required to implement the Demerger.

Why did the WMC Board decide to propose the Demerger?

The WMC Board's decision to propose the Demerger was made after a number of approaches had been made by parties seeking to discuss the possibility of a merger with WMC or alternative transactions regarding WMC and its businesses, culminating with a confidential and conditional proposal by Alcoa to acquire all outstanding WMC Shares at a price below that which the WMC Board considered to be acceptable, after obtaining an independent valuation report.

The WMC Board formed the view that the stock market has not fully valued WMC's asset portfolio and that this undervaluation has been partly attributable to a lack of recognition of the value of WMC's 40% interest in AWAC. The WMC Board was also mindful that factors relating to the holding structure of WMC's interest in AWAC could result in limited competitive tension being able to be achieved if a bid was made for WMC by Alcoa.

In this context, the WMC Board considered a number of alternative courses of action and concluded that the Demerger would be the best way to unlock value for WMC Shareholders. Further details regarding the WMC Board's rationale for the Demerger are given in Section 4.

Why does WMC believe Alcoa remains interested in WMC's 40% interest in AWAC?

A fundamental provision of the AWAC Agreements requires Alcoa and WMC to pursue their worldwide bauxite and alumina activities exclusively through AWAC (see Section 6.2.9(f)). The purpose of this provision is to avoid commercial conflicts of interest. This was satisfactory and desirable while Alcoa did not want to acquire WMC. However, following Alcoa's merger with Reynolds Metals Company, international competition authorities required the sale of Reynolds' alumina assets.

Alcoa's controlling interest in the AWAC entities was taken into account by the European competition authority in reaching its decision.

The WMC Board believes that the international competition authorities' decisions:

- are likely to have the effect of restricting Alcoa's ability to acquire any further substantial alumina assets other than WMC's 40% interest in AWAC; and
- were instrumental in Alcoa making its proposal to WMC.

2. QUESTIONS AND ANSWERS ABOUT THE DEMERGER

2.1 QUESTIONS ABOUT THE DEMERGER IN GENERAL



Therefore, without a significant change in the relevant competition authorities' view on Alcoa's ability to acquire third party owned alumina assets, the WMC Board believes that Alcoa will remain interested in acquiring WMC's 40% interest in AWAC.

Why did the WMC Board reject the approach made by Alcoa to acquire WMC for a price of A\$10.20 per WMC Share?

Alcoa made a confidential approach to the WMC Board in October 2001 with a proposal to acquire all the outstanding WMC Shares at a price of A\$10.20 per share, conditional on, among other things, the proposal being recommended to WMC Shareholders by the WMC Board. The board carefully evaluated this proposal and obtained an independent valuation report from Grant Samuel, which concluded that the value of WMC to a potential acquirer lay in the range of A\$11.18 to A\$12.91 per WMC Share (based on the assumptions made at that time). An independent valuation report was also obtained from JP Morgan with respect to WMC's interest in AWAC only, which was consistent with the value attributed to AWAC by Grant Samuel.

Having regard to these valuations and to the considerable interest in the assets of WMC expressed by other major mining companies, the WMC Board determined that, if an offer of A\$10.20 per WMC Share were to have been made at that time, it would not have been fair and reasonable. The WMC Board concluded, therefore, that it could not recommend Alcoa's proposal to WMC Shareholders.

Further details of the review process relating to the Alcoa approach are set out in Section 4.1.

Why were WMC Shareholders not given the opportunity to consider the Alcoa A\$10.20 proposal?

Alcoa's A\$10.20 proposal was only to be made to WMC Shareholders if, among other conditions, the WMC Board recommended it. For the reasons explained above, the WMC Board could not recommend it. However, Alcoa was free, and remains free, to make an offer directly to WMC Shareholders, but to date has chosen not to do so.

Why doesn't WMC just continue to operate in its current form?

The WMC Board actively considered this and various forms of restructuring before announcing the Demerger in November 2001.

The WMC Board was of the view, and continues to be of the view, that if WMC continued to operate in its current form, WMC Shareholders would be disadvantaged by:

- the absence of a more transparent valuation of WMC's interest in AWAC;
- the absence of competitive tension in the event that Alcoa sought to acquire control of WMC; and
- restrictions on WMC's ability to pursue major business opportunities which could make WMC vulnerable to a hostile offer from Alcoa.

Accordingly, the WMC Board determined that the Demerger would deliver a better outcome for WMC Shareholders.

Are you an Eligible WMC Shareholder?

You will be an Eligible WMC Shareholder if you are registered in the WMC Share Register as the holder of WMC Shares at the Share Scheme Record Date (expected to be 5.00 pm, 9 December 2002) and are not an Ineligible Overseas Shareholder (see Sections 2.5 and 5.1.5).

Will you have to contribute cash to obtain your WMC Resources Shares?

No. WMC Shareholders will not have to contribute any cash to receive their entitlement to WMC Resources Shares.

<i>How many WMC Resources Shares will you receive for each WMC Share?</i>	<p>Eligible WMC Shareholders will receive one WMC Resources Share for each WMC Share that they hold (eg a WMC Shareholder holding 10,000 WMC Shares will receive 10,000 WMC Resources Shares). Certain overseas shareholders will be treated differently. See Section 2.5.</p>
<i>What will happen to your current WMC Shares?</i>	<p>The number of WMC Shares that you hold will not be affected by the Demerger, however these shares will trade under the company's new name, Alumina Limited, from the Listing Date.</p> <p>The stock market trading price of your WMC Shares (to be known as Alumina Limited Shares) is also likely to decrease as a result of the Capital Reduction and the Share Scheme Dividend occurring as part of the Demerger (see Section 5.1.2).</p>
<i>What will you have to do to receive your WMC Resources Shares and Alumina Limited Shares, if the Demerger is approved?</i>	<p>Provided that you are an Eligible WMC Shareholder, you will automatically receive the number of WMC Resources Shares to which you are entitled under the Demerger. You are not required to take any action to receive these shares. Holding statements in respect of WMC Resources Shares are expected to be posted to Eligible WMC Shareholders on 18 December 2002.</p> <p>You do not receive Alumina Limited Shares under the Demerger. Instead, your existing WMC Shares will simply commence trading under WMC's new name, Alumina Limited, from the Listing Date (expected to be 4 December 2002). You will not receive new holding statements in respect of these shares but will be able to trade them as usual.</p>
<i>Will WMC Shares continue to be listed on the ASX?</i>	<p>WMC Shares will continue to trade on the ASX throughout the Demerger process. It is expected, however, that they will cease trading on a cum-entitlement basis at the close of business on 3 December 2002 (acquirers of WMC Shares cum-entitlement will be eligible to receive WMC Resources Shares under the Demerger provided they remain on the WMC Share Register at the Share Scheme Record Date). WMC Shares are then expected to commence trading under the name Alumina Limited on an ex-entitlement basis on the Listing Date (expected to be 4 December 2002) (acquirers of ex-entitlement shares will not be eligible to receive WMC Resources Shares under the Demerger).</p>
<i>When can you sell your WMC Resources Shares?</i>	<p>It is expected that WMC Resources Shares will commence trading on the ASX, initially on a deferred settlement basis, on 4 December 2002 (ie the Listing Date).</p> <p>It is your responsibility to determine your entitlement to WMC Resources Shares before trading those shares to avoid the risk of selling shares that you do not own.</p> <p>Normal trading of WMC Resources Shares is expected to commence on 19 December 2002.</p>
<i>What are the taxation implications for WMC Shareholders resident in Australia?</i>	<p>The Demerger is not expected to result in any material adverse tax consequences for WMC Shareholders resident in Australia who hold their WMC Shares on capital account and elect to claim CGT Demerger Relief. This is because of recently enacted Commonwealth legislation which gives relief from the taxation consequences that may have otherwise</p>

2. QUESTIONS AND ANSWERS ABOUT THE DEMERGER

2.1 QUESTIONS ABOUT THE DEMERGER IN GENERAL

2.2 QUESTIONS ABOUT WMC OPTIONS



arisen because of the Demerger. A guide to the general taxation implications of the Demerger for WMC Shareholders resident in Australia is set out in Section 9.2. The description is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any WMC Shareholder.

You should seek your own specific taxation advice for your individual circumstances.

What will happen if the Demerger is not approved?

If the Demerger is not approved, the WMC Board will continue to pursue measures designed to ensure that WMC Shareholders derive full value from WMC's assets, which may include pursuing an alternative to the Demerger such as one of those outlined in Section 4.2. Other implications of the Demerger not proceeding are set out in Section 4.6.6.

2.2 Questions about WMC Options

Why should you approve the amendments to the WMC Option Plans?

The amendments to the WMC Option Plans under the Option Scheme (described in Section 5.2) also require the approval of WMC Shareholders.

The amendments to the WMC Option Plans avoid the value of WMC Options being diminished as a result of the Demerger by, in effect, preserving the economic entitlements of WMC Optionholders. The amendments produce an equitable result for WMC Optionholders and WMC Shareholders.

The WMC Board recommends that WMC Shareholders approve the amendments so that WMC Optionholders – who are either current or former employees of the WMC Group – are treated fairly in the context of the Demerger, and in a manner that is comparable to the treatment of WMC Shareholders under the Demerger. Further discussion of this is contained in Section 5.3.2(b), and details of the amendments to the WMC Option Plans, and the Option Scheme generally, are contained in Section 5.2. Details of the impact of the Demerger on WMC Optionholders if WMC Shareholders do not approve the amendments are contained in Section 4.7.4.

Will there be options outstanding over Alumina Limited Shares after the Demerger?

After the Demerger is implemented, WMC Optionholders will continue to be able to exercise their WMC Options – which will become Alumina Limited Options – and to be thereby issued with Alumina Limited Shares.

The terms and conditions that will apply to those Alumina Limited Options will depend on whether the Option Scheme receives the necessary approvals.

Details of the terms and conditions to apply to those Alumina Limited Options if the Option Scheme is approved are contained in Section 5.2 and the terms and conditions to apply if the Option Scheme is not approved are contained in Section 4.7.4. Details of the WMC Options currently on issue are contained in Section 8.2.3.

2.3 Questions about the demerged entities

What will be the financial profiles of Alumina Limited and WMC Resources?

The Demerger will effectively create two 'new' enterprises which will have different profiles from that of the current WMC. Details are provided in Sections 6 and 7.

Will the demerged entities be viable as stand-alone entities?

The WMC Board believes that each separately listed entity will have a viable independent future and that each will vigorously pursue a business strategy designed to grow value for WMC Shareholders. Although the demerged entities will be smaller companies than WMC, both entities will be major resources companies with investment grade credit ratings expected and hence access to debt and equity funding on competitive terms. Both are expected to trade in the ASX Top 50.

The WMC Board has formed its view after considering the advantages, disadvantages and potential risks associated with the Demerger, set out in Section 4. In particular, the WMC Board has considered factors including:

- the fact that WMC Resources and Alumina Limited will be smaller companies than WMC;
- the reduced earnings diversification that the separate entities will have compared to WMC; and
- the fact that the cost of capital for WMC Resources and Alumina Limited may be higher than that for WMC at present,

but has concluded that the advantages of the Demerger outweigh the disadvantages and risks and that the Demerger is in the best interests of WMC Shareholders. Further details of the factors considered by the WMC Board are set out in Section 4.

What will be the impact on dividends you receive?

The payment of dividends will be a matter for the board of directors of each company. Factors likely to affect the future dividend policies of Alumina Limited and WMC Resources are set out in Sections 6.9 and 7.16 respectively.

How much will your shares in WMC Resources and Alumina Limited be worth after the Demerger?

A public market does not currently exist for WMC Resources Shares and, although Alumina Limited Shares are currently traded on the ASX in the form of WMC Shares, Alumina Limited will have a significantly different profile to WMC as a result of the Demerger.

As a result, the share prices of WMC Resources and Alumina Limited cannot be predicted with certainty prior to the commencement of ASX trading in these entities on the Listing Date (expected to be 4 December 2002). The share prices of each entity on the ASX will be influenced by all of the usual factors which can impact the market prices of shares, including factors specific to the individual companies and broader market or economic factors. Accordingly, it is possible that the combined market values of a share in each of WMC Resources and Alumina Limited after the Demerger will be higher or lower than the market value of a share in WMC prior to the Demerger.

Who will be the directors and senior management of Alumina Limited and WMC Resources?

It is proposed that the persons named in Section 6.4.1(b) will, on the Demerger Date, replace the current members of the WMC Board, and comprise the initial board of Alumina Limited (as WMC will then be known). The Alumina Limited Board will comprise one executive director and four non-executive directors. Details regarding the election of

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2.3 QUESTIONS ABOUT THE DEMERGED ENTITIES

2.4 QUESTIONS ABOUT VOTING



directors to the Alumina Limited Board are set out in Section 6.4 and in the notice convening the General Meeting in Section 16. Mr John Marlay will be appointed Chief Executive Officer of Alumina Limited with Mr Bob D J Davies the Chief Financial Officer. The remainder of the senior management structure for Alumina Limited is in the process of being finalised. It is expected that all key senior management appointments will be made in advance of the Demerger Date.

The WMC Resources Board will be constituted by the same directors as were on the WMC Board as at the date of this Scheme Booklet, which comprises two executive directors and seven non-executive directors. Mr Hugh M Morgan will continue as WMC Resources' Chief Executive Officer, but will retire from that position in January 2003. Mr Andrew G Michelmore, WMC's Executive General Manager of Business Strategy and Development, will succeed Mr Morgan as Chief Executive Officer of WMC Resources. WMC Resources' senior management following the Demerger will comprise current members of WMC's management team, as described in Section 7.10.2.

The names and experience of each of the directors and senior managers of Alumina Limited and WMC Resources are set out in Sections 6.4.1(b) and 7.10.1(b) respectively.

2.4 Questions about voting

When and where are the Meetings?

The Meetings will be held at the Carlton Crest Hotel, 65 Queens Road, Melbourne, Australia on 29 November 2002. The Share Scheme Meeting will be held first, commencing at 10.30 am, followed by the General Meeting at 11.00 am, or as soon after that time as the Share Scheme Meeting has concluded or been adjourned. The Option Scheme Meeting will follow at 11.30 am or as soon after that time as the General Meeting has concluded or been adjourned.

Are you entitled to vote?

If you are registered as a WMC Shareholder by the WMC Share Registry at the Voting Record Date (7.00 pm on 27 November 2002), you are entitled to vote at the Share Scheme Meeting and the General Meeting. If you are registered as a WMC Optionholder at the Voting Record Date, you are entitled to vote at the Option Scheme Meeting. You may vote by attending the Meetings in person, by proxy or, in the case of corporate shareholders, by corporate representative. WMC Shareholders may also appoint an attorney to attend and vote on their behalf. Further information relating to voting procedures and details of the resolutions to be voted on at the Meetings are contained in Section 5.3, the notices convening the Meetings contained in Section 16 and the proxy forms relating to the Meetings.

Should you vote?

You do not have to vote. However, the WMC Board believes that the Demerger is a matter of major importance to all WMC Shareholders and that the Option Scheme is a matter of importance to all WMC Optionholders, and urges you to read this Scheme Booklet carefully and vote in favour of the resolutions required to implement the Demerger and the Option Scheme respectively.

What happens if you do not vote on, or vote against, the Demerger or the Option Scheme?

If you are the holder of WMC Shares at the Share Scheme Record Date and the Demerger is implemented, you will receive your entitlement to WMC Resources Shares (if you are an Eligible WMC Shareholder) or cash (if you are an Ineligible Overseas Shareholder) even if you choose not to vote on, or vote against, the Demerger.

If you are the holder of WMC Options at the Option Scheme Record Date and the Option Scheme becomes effective, you will participate in the Option Scheme in the same manner as all other WMC Optionholders even if you choose not to vote on, or vote against, the Option Scheme.

How can you vote?

You can vote at the Meetings:

- in person;
- by proxy;
- if you are a WMC Shareholder, by attorney; or
- if you are a corporate shareholder, by corporate representative.

Details of how to vote are set out in Section 5.3.4 and details of the resolutions to be voted on at the Meetings are contained in the notices convening the Meetings contained in Section 16.

What voting majority is required to approve the Demerger?

The Demerger will be approved by WMC Shareholders if, and only if, each of the Share Scheme, the Capital Reduction and the matters under the Ancillary Demerger Resolutions are approved by WMC Shareholders. The requisite WMC Shareholder majority for approving these corporate actions differs for each. The most stringent majority threshold is that required to approve the Share Scheme, which requires votes in favour of the Share Scheme to be received from:

- a majority in number of WMC Shareholders present and voting at the Share Scheme Meeting (in person, by proxy, by attorney or, in the case of corporate shareholders, by corporate representative);
- who together hold at least 75% of the total number of WMC Shares voted.

When will the result be known?

The result of the votes to be cast at the Meetings will be available shortly after the conclusion of the Option Scheme Meeting and will be announced to the ASX once available. The results will also be published on WMC's website (www.wmc.com) the following day.

You should be aware that the Schemes are subject to the approval of the Court, in exercising its supervisory jurisdiction. The Court hearing for approving the Schemes is expected to be held on 2 December 2002.

2.5 Questions about overseas shareholders

Will Alumina Limited or WMC Resources be listed on the NYSE or other overseas stock exchanges?

An application will be made to the NYSE to list WMC Resources Shares on the NYSE in the form of ADRs. WMC Shares will continue to be listed on the NYSE in the form of ADRs but will trade under the name of Alumina Limited. WMC has lodged an application to delist WMC Shares from the Frankfurt Stock Exchange. It is anticipated the WMC Shares will be delisted from the exchange in early 2003. It is intended that, once WMC Shares have been delisted from the Frankfurt Stock Exchange, WMC Resources Shares and Alumina Limited Shares will not be listed on any exchange other than the ASX and the NYSE.

2. QUESTIONS AND ANSWERS ABOUT THE DEMERGER

2.4 QUESTIONS ABOUT VOTING

2.5 QUESTIONS ABOUT OVERSEAS SHAREHOLDERS

2.6 QUESTIONS ABOUT THE OPTION SCHEME



Will certain overseas shareholders be unable to participate?

If you are a WMC Shareholder in an overseas jurisdiction other than New Zealand, the United Kingdom, the US, Singapore, Hong Kong, Switzerland or Germany, you are likely to be an Ineligible Overseas Shareholder and, if you are, the WMC Resources Shares to which you are entitled under the Share Scheme will be offered for sale by the Sale Agent and you will receive the net proceeds of sale.

Further information on who is likely to be classified as an Ineligible Overseas Shareholder and the treatment of Ineligible Overseas Shareholders is set out in Section 5.1.5.

What are the taxation implications for overseas WMC Shareholders?

WMC has received advice from Deloitte & Touche LLP that it is more likely than not that tax relief in respect of the Demerger will be available under section 355 of the Internal Revenue Code of 1986 (US) to certain WMC Shareholders in the US. WMC Shareholders in the US should refer to the copy of the opinion of Deloitte & Touche LLP in Section 13 for detailed information on the application of applicable US federal tax laws to the Demerger.

There may be adverse tax consequences for WMC Shareholders in the United Kingdom and New Zealand as a result of the Demerger, or aspects of it (ie the Capital Reduction and the Share Scheme Dividend). A more detailed discussion of the tax implications of the Demerger for WMC Shareholders in the United Kingdom and New Zealand is set out in Sections 9.3 and 9.4 respectively. The description is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any WMC Shareholder. Overseas shareholders should seek their own specific taxation advice for their individual circumstances.

2.6 Questions about the Option Scheme

Why is the Option Scheme being proposed?

The Option Scheme is being proposed so that WMC Optionholders are not disadvantaged by the Demerger.

The Option Scheme has been designed to have the effect that the economic entitlements of WMC Optionholders prior to the Demerger are, to the extent possible, preserved after the Demerger is implemented. In doing so, the Option Scheme will produce an equitable outcome for both WMC Optionholders and WMC Shareholders – overall, after the Demerger and Option Scheme are implemented, the relative positions of WMC Shareholders and WMC Optionholders will be the same as they were prior to the Demerger.

Information regarding the Option Scheme is set out in detail in Section 5.2. Additional information relevant to WMC Optionholders' considerations regarding the Option Scheme is set out in Section 4.7.

What is the effect of the Option Scheme?

If the Option Scheme is implemented:

- WMC Optionholders will continue to hold their WMC Options.
- Each WMC Option will become an Alumina Limited Option and will entitle the holder to subscribe for one Alumina Limited Share.
- WMC Optionholders will be granted one WMC Resources Option for each WMC Option they hold prior to the Demerger. Each WMC Resources Option will entitle the holder to subscribe for one WMC Resources Share.

- The aggregate exercise prices of the Alumina Limited Option and the WMC Resources Option will be equal to the exercise price of the WMC Option prior to the Demerger.
- The Alumina Limited Option and WMC Resources Option will lapse at the same time as the WMC Option would have lapsed if the Demerger hadn't proceeded.

Additional information on the effect of the Option Scheme is contained in Section 5.2.

What will happen to your WMC Options?

WMC Optionholders will continue to hold their WMC Options, but each WMC Option will entitle the holder to subscribe for one Alumina Limited Share. In effect, WMC Options will become Alumina Limited Options.

If the Option Scheme receives the necessary approvals, the exercise price of each Alumina Limited Option will be determined by reference to the current exercise price of the relevant WMC Option (which becomes an Alumina Limited Option) and the volume weighted average price of Alumina Limited Shares and WMC Resources Shares on the first five days of trading on the ASX commencing on the Listing Date.

Additional information regarding your WMC Options becoming Alumina Limited Options, including the adjustment of the exercise price, is contained in Section 5.2.1.

Will you be able to exercise your WMC Options at all times?

The rights of WMC Optionholders to exercise their WMC Options will be suspended around the time of the Demerger. It is expected that WMC Optionholders will cease to be able to exercise their WMC Options from 3.00 pm on 3 December 2002.

WMC Optionholders will then be able to exercise their Alumina Limited Options, and their new WMC Resources Options, from 9.15 am on 12 December 2002 (as is expected).

Further details regarding this suspension are contained in Section 5.2.3.

How many WMC Resources Options will you receive?

WMC Optionholders will receive one WMC Resources Option for each WMC Option that they hold. This will entitle the holder to subscribe for one WMC Resources Share at an exercise price determined by reference to the current exercise price of the WMC Option (which becomes an Alumina Limited Option) in respect of which the WMC Resources Option is granted, and the volume weighted average price of WMC Resources Shares and Alumina Limited Shares on the first five days of trading on the ASX commencing on the Listing Date.

The other terms and conditions attaching to each WMC Resources Option will be determined by reference to the terms and conditions attaching to the WMC Option in respect of which the WMC Resources Option is granted.

Additional information regarding the terms of the WMC Resources Options is contained in Section 5.2.

2. QUESTIONS AND ANSWERS ABOUT THE DEMERGER

2.6 QUESTIONS ABOUT THE OPTION SCHEME

2.7 OTHER QUESTIONS



What will happen if the Demerger is approved but the Option Scheme is not?

If the Demerger receives the necessary approvals, but the Option Scheme does not, WMC will still proceed with the Demerger. If that happens:

- The exercise price of existing WMC Options will be reduced by the amount of the Reduction Amount (ie A\$2.78 per WMC Option) and each WMC Option will entitle the holder to subscribe for one Alumina Limited Share. This is likely to mean that the value of a WMC Option after the Demerger (which will then be an Alumina Limited Option) will be less than its value prior to the Demerger.
- Alumina Limited Options held by persons who are employees of the WMC Resources Group after the Demerger will lapse 30 days after the Demerger Date.
- Alumina Limited Options held by other persons will continue to be exercisable in accordance with the terms and conditions of the applicable WMC Option Plan.
- No WMC Resources Options will be granted to WMC Optionholders.

Additional information on this issue is contained in Section 4.7.4.

2.7 Other questions

What are the implications for the WMC employee share scheme?

The impact on the existing WMC employee share scheme is detailed in Section 8.2. WMC Resources intends to implement an employee share scheme, details of which are outlined in Section 8.3. Details of the incentive plans to be offered to Alumina Limited Group employees are outlined in Section 8.4.

Where can you obtain further information?

The information contained in this Section 2 is a summary only. Full details of the Demerger are set out in this Scheme Booklet.

For further information on the Demerger, please call WMC's information line on 1800 301 080, toll free, if within Australia, or +61 (0)3 9611 5970 if outside Australia.

3. Important notices

WMC Shareholders and WMC Optionholders should read this Scheme Booklet in its entirety before making a decision as to how to vote on the resolutions to be considered at the Meetings.

3.1 Purpose of this Scheme Booklet

This Scheme Booklet sets out all the significant elements of the Demerger and contains, among other things:

- the explanatory statements required by Part 5.1 of the Corporations Act in relation to each of the Schemes. The purpose of the explanatory statements is to explain the terms of the Schemes, the manner in which the Schemes will be considered and implemented (if approved) and to provide such information as is prescribed or otherwise material to the decision of WMC Shareholders and WMC Optionholders whether to approve their respective Schemes; and
- a statement of all information known to WMC and the WMC Board that is material to WMC Shareholders in deciding how to vote on the Capital Reduction Resolution, as required by section 256C(4) of the Corporations Act.

3.2 ASIC

A copy of this Scheme Booklet has been registered by ASIC for the purposes of section 412(6) of the Corporations Act. Neither ASIC nor its officers takes any responsibility for the contents of this Scheme Booklet. A copy of this Scheme Booklet has also been lodged with ASIC in accordance with section 256C(5) of the Corporations Act.

3.3 ASX

A copy of this Scheme Booklet has been lodged with the ASX. Neither the ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

On or about the date of this Scheme Booklet, application will be made for the admission of WMC Resources to the official list of the ASX and for WMC Resources Shares to be granted official quotation on the stock market conducted by the ASX. The fact that the ASX may admit WMC Resources to the official list of the ASX, and grant official quotation

of WMC Resources Shares on the stock market conducted by the ASX, is not to be taken in any way as an indication of the merits of WMC Resources.

3.4 Status of this Scheme Booklet

This Scheme Booklet is not a prospectus lodged under Chapter 6D of the Corporations Act. Section 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not have effect in relation to any offer of securities if it is made under a compromise or arrangement under Part 5.1 of the Corporations Act, approved at a meeting held as a result of an order made by a court under section 411(1) or (1A) of the Corporations Act.

3.5 United States

Neither the SEC nor any US state securities commission has approved or disapproved the WMC Resources Shares to be transferred to WMC Shareholders under the Demerger or passed upon the adequacy or accuracy of this Scheme Booklet. Any representation to the contrary is a criminal offence.

3.6 Investment decisions

This Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of any WMC Shareholder, WMC Optionholder or any other person. This Scheme Booklet should not be relied upon as the sole basis for an investment decision in relation to WMC Shares/Alumina Limited Shares, WMC Options/Alumina Limited Options, WMC Resources Shares, WMC Resources Options or any other securities. Independent financial and taxation advice should be sought before making any investment decision in relation to WMC Shares/Alumina Limited Shares, WMC Options/Alumina Limited Options, WMC Resources Shares, WMC Resources Options or any other securities.

3. IMPORTANT NOTICES

3.1 PURPOSE OF THIS SCHEME BOOKLET

3.2 ASIC

3.3 ASX

3.4 STATUS OF THIS SCHEME BOOKLET

3.5 UNITED STATES

3.6 INVESTMENT DECISIONS

3.7 FORWARD LOOKING STATEMENTS

3.7 Forward looking statements

This Scheme Booklet contains forward looking statements, including statements regarding:

- estimated reserves;
- certain plans, strategies and objectives of management;
- scheduled closure of certain operations or facilities;
- anticipated production or construction commencement dates;
- expected costs or production output;
- the anticipated productive lives of projects and mines;
- the anticipated prices and market dynamics of commodities produced;
- estimated exchange rates and interest rates; and
- the expected impact on each of Alumina Limited and WMC Resources of the separation of WMC's interest in AWAC from WMC's other operating businesses.

Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Alumina Limited and WMC Resources, which may cause actual results, performance or achievements of Alumina Limited or WMC Resources to differ materially from those expressed or implied by such statements. Such risks, uncertainties, assumptions and other important factors include, among other things: general economic conditions, exchange rates, interest rates, the regulatory environment, structural changes in the mining and resources industries, commodity prices, raw material prices, competitive pressures, imports and demand for global commodities.

For example, future revenues from operations, projects or mines described in this Scheme Booklet will be based in part on the market price of the minerals or metals produced, which may vary significantly from current levels. Such variations, if materially adverse, may impact the timing or feasibility of the development of a particular project or

the expansion of certain facilities or mines. Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include:

- the ability to profitably produce and transport the minerals or metals extracted to applicable markets;
- the impact of foreign currency exchange rates on the revenues received from the minerals or metals produced; and
- actions or policies of governmental authorities in certain countries where such projects, facilities or mines are being explored for, developed or operated, including increases in taxes and changes in environmental and other regulations.

Neither WMC nor any other person gives any representation, assurance or guarantee that the results, performance or achievements expressed in or implied by the forward looking statements in this Scheme Booklet, including the statements regarding those matters outlined above, will actually occur, and WMC Shareholders and WMC Optionholders are cautioned not to place undue reliance on such forward looking statements.

The forward looking statements in this Scheme Booklet reflect views held only as of the date of this Scheme Booklet. Subject to any continuing obligations under applicable law or any relevant Listing Rule or as contemplated by Section 10.22, WMC and the WMC Directors disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions to any such statements to reflect any change in expectations in relation to such statements or any change in events, conditions or circumstances on which any such statement is based.

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