

Scheme Booklet



WMC LIMITED

ABN 85 004 820 419

Schemes of arrangement between WMC Limited and its shareholders and optionholders in relation to the demerger of WMC Limited

Your directors unanimously recommend that you vote in favour of the resolutions required to implement the Demerger.

This is an important document and requires your immediate attention. You should read this document in its entirety prior to deciding whether or not to approve the Demerger. If you are in any doubt as to how to deal with this document, please consult your legal or financial adviser immediately. If you are not a WMC Optionholder and you have recently sold all of your WMC Shares, please ignore this document.

This Scheme Booklet is neither an offer to sell nor a solicitation of an offer to buy securities as such terms are defined under the US Securities Act of 1933, as amended.



All references to time in this Scheme Booklet are to Melbourne time unless otherwise stated.

This Scheme Booklet is dated 28 October 2002.

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Letter from the Chairman



28 October 2002

Dear WMC securityholder

On 21 November 2001, WMC announced its intention to demerge its interest in the Alcoa World Alumina and Chemicals (AWAC) joint venture from its 100% owned minerals businesses. The effect of the demerger will be to divide your existing investment in WMC into two separate ASX listed entities:

- Alumina Limited, which will hold WMC's 40% interest in AWAC; and
- WMC Resources Ltd, which will hold all of WMC's businesses other than its interest in AWAC (ie WMC's nickel, copper-uranium and fertilizer businesses, and its exploration and development interests).

In my letter to you of 21 November 2001, I set out the background of industry events and the approach from Alcoa Inc, which have been relevant factors in the formulation of the demerger.

At the time, the WMC Board reviewed a number of options for the company, and concluded that implementing the demerger was the best way to maximise value for WMC shareholders. Although the timing of the demerger has been delayed to enable Australian resident WMC shareholders to benefit from, and the demerger structure to be simplified through, the introduction of Australian demerger tax relief legislation, the WMC Board remains of the view that the demerger is in the best interests of WMC shareholders.

Following Alcoa's merger with Reynolds Metals Company in 2000, international competition authorities required Alcoa to divest itself of Reynolds' alumina assets. The WMC Board believes that the implication flowing from these decisions is that Alcoa's ability to acquire alumina assets is likely to be restricted, and that it is likely that the only substantial alumina asset it can acquire is WMC's 40% interest in AWAC. As a consequence, the WMC Board believes Alcoa will remain interested in acquiring WMC's 40% interest in AWAC.

The WMC Board believes that the key advantages of the demerger to WMC shareholders are as follows:

- WMC's 40% interest in AWAC has historically been undervalued by the stock market. The separate listing of WMC's AWAC interest through Alumina Limited will provide investors with a pure alumina/aluminium investment and thereby facilitate a transparent valuation of the business in line with its industry peers.
- The demerger will permit WMC Resources to pursue business opportunities (including acquisitions or expansions) which could involve the issue of equity, without concern for any action Alcoa might take.
- The provisions of the AWAC agreements with Alcoa act as an impediment to the contestability of WMC's minerals assets in the event of a takeover offer for WMC. The separate listing of WMC Resources will remove these impediments.
- The demerger will enable the separate management teams of WMC Resources and Alumina Limited to more closely focus on the underlying businesses of each entity and thereby potentially improve returns to shareholders.
- The separation of WMC into Alumina Limited and WMC Resources will provide investors with greater flexibility in managing their commodity exposures.



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The two new entities will each be significant resources companies in their own right. Each will have a viable independent future and will vigorously pursue a business strategy designed to grow value for shareholders.

The demerger recognises the strength and maturity of WMC's minerals businesses. From the mid-1990s, WMC undertook significant investment in its nickel, copper-uranium and fertilizer businesses. These businesses are now of sufficient size and maturity, and have sufficient growth options, to form the basis of a viable, diversified resources group, independent of WMC's interest in AWAC.

In considering the demerger, the WMC Board also identified a number of disadvantages and risks which are set out and discussed in this Scheme Booklet. The WMC Board believes, however, that the advantages of the demerger outweigh these disadvantages and risks.

The independent expert, Grant Samuel & Associates Pty Limited, has concluded that the demerger is in the best interests of WMC shareholders. Grant Samuel's report is set out in its entirety in Section 11 of this Scheme Booklet.

The demerger will be effected through a series of steps, including a scheme of arrangement, a capital reduction and a dividend, and requires the approval of WMC shareholders and the Supreme Court of Victoria.

In connection with the demerger, WMC is proposing a scheme to address the effect of the demerger on options over shares in WMC, which also requires the approval of WMC optionholders, WMC shareholders and the Court.

These factors, the above advantages of the demerger, the disadvantages and risks of the demerger and other important details regarding the demerger and the option scheme and the manner of their implementation, are set out in this Scheme Booklet. I urge you to read it carefully as it includes information which is material to you in making an informed decision on how to vote on the resolutions required to implement the demerger and the option scheme respectively.

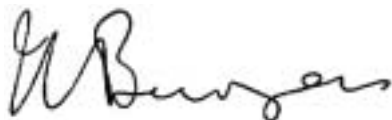
Each WMC director intends to vote all WMC shares and WMC options controlled by that director in favour of the resolutions required to implement both the demerger and the option scheme. The directors unanimously recommend that, as a WMC shareholder, you also vote in favour of the demerger resolutions and, as a WMC optionholder, you vote in favour of the option scheme.

If you have any questions in relation to the demerger or the option scheme, you can contact WMC's information line on:

1800 301 080, toll free, if within Australia; or

+61 (0)3 9611 5970 if outside Australia.

Yours sincerely

A handwritten signature in black ink, appearing to read 'I. Burgess', with a stylized flourish at the end.

IAN G R BURGESS AO
Chairman

Important times and dates*

Last time and date by which proxy forms for the Scheme Meetings and the General Meeting can be lodged	11.30 am	27 November 2002
Time and date for determining eligibility to vote at the Scheme Meetings and the General Meeting (Voting Record Date)	7.00 pm	27 November 2002
Share Scheme Meeting (WMC Shareholders)	10.30 am	29 November 2002
General Meeting (WMC Shareholders)	11.00 am	29 November 2002 <i>or as soon thereafter as the Share Scheme Meeting has concluded or been adjourned</i>
Option Scheme Meeting (WMC Optionholders)	11.30 am	29 November 2002 <i>or as soon thereafter as the General Meeting has concluded or been adjourned</i>
Court hearing for approval of the Schemes		2 December 2002
Effective Date		2 December 2002
Last day WMC Shares trade on the ASX on a cum-entitlement basis		3 December 2002
Cut-off time and date for exercising WMC Options	3.00 pm	3 December 2002
WMC Resources Shares commence trading on the ASX on a deferred settlement basis (Listing Date)		4 December 2002
WMC Shares commence trading on the ASX on an ex-entitlement basis under the company's new name, Alumina Limited		4 December 2002
Time and date for determining entitlements under the Option Scheme (Option Scheme Record Date)	5.00 pm	5 December 2002
Time and date for determining entitlements to WMC Resources Shares (Share Scheme Record Date)	5.00 pm	9 December 2002
Demerger Date		11 December 2002
WMC Options become Alumina Limited Options and WMC Resources Options issued (Option Scheme Implementation Date)		12 December 2002
Alumina Limited Options and WMC Resources Options may be exercised	From 9.15 am	12 December 2002
Despatch of holding statements for WMC Resources Shares		18 December 2002
Deferred settlement trading of WMC Resources Shares on the ASX ceases		18 December 2002
Normal trading of WMC Resources Shares on the ASX commences		19 December 2002
Settlement of all deferred settlement trades		24 December 2002

* The timetable above is indicative only and WMC has the right to vary any or all of these times and dates. WMC will announce any such variations to the ASX. Certain times and dates are conditional upon the approval of the ASX. The occurrence of certain events on the dates specified or at all are also conditional upon the approval of:

- the Capital Reduction Resolution and each Ancillary Demerger Resolution by WMC Shareholders; and
- the Share Scheme by WMC Shareholders and the Court.

If you wish to object to either or both of the Schemes at the Court hearing for approval of the Schemes or make a complaint to ASIC about the Schemes, you should note that the Court hearing is expected to be held on 2 December 2002 (ie three days following the Meetings).

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