

To: The Manager
Announcements
Company Announcements Office
Australian Stock Exchange



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Public Announcement 2009 – 17AWC

Attached is an announcement regarding an accelerated non-renounceable, pro rata entitlement offer ("Entitlement Offer") by Alumina Limited.

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

**Stephen Foster
Company Secretary**

30 April 2009

Alumina Limited

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.....Announcement of Transaction.....

Alumina to raise a minimum of \$644 million in equity via Accelerated Non-Renounceable Pro Rata Entitlement Offer at \$1.00 per share

Alumina Limited ("Alumina") today announced that it will raise a minimum of \$644 million through a 7 for 10 accelerated non-renounceable pro rata entitlement offer (the "Entitlement Offer") at an Offer Price of \$1.00 per share. The funds raised under the Entitlement Offer will be applied by Alumina to repay bank debt and to reinforce its balance sheet.

The Institutional Entitlement Offer is being fully underwritten by Macquarie Capital Advisers Limited and UBS AG, Australia Branch ("Joint Lead Managers").

Alumina Limited's CEO, John Bevan commented, "The equity raising will strengthen our balance sheet and effectively remove 2010 debt refinancing risk. We have great confidence in the resilience of the AWAC assets but we can't predict when debt and commodity markets will improve and it is prudent to act now to secure funding to support the value of Alumina's assets for our shareholders. We have also rolled over US\$100 million of debt facilities that were previously due to mature in 2010, until April 2012, which will take effect following the completion of the Entitlement Offer. This equity raising and rollover, combined with the resilience of our operations and the headroom we retain within our existing debt facilities, ensures Alumina is in a strong position to withstand the current volatile market conditions".

Accelerated Non-Renounceable Pro Rata Entitlement Offer

Eligible shareholders will be offered the opportunity to acquire new ordinary shares in Alumina at \$1.00 each on the basis of 7 new ordinary shares for every 10 existing ordinary shares held on the Record Date (7.00pm (Melbourne time) on Tuesday, 5 May 2009). The offer price of \$1.00 per share represents a 32.9% discount to the closing price of Alumina shares on ASX of \$1.49 on Wednesday, 29 April 2009 and a 22.4% discount to the theoretical ex-rights price ("the TERP")¹.

Alumina will raise a minimum of \$644 million through the Entitlement Offer, which will be conducted in two tranches:

- A fully underwritten Institutional Entitlement Offer, which will raise approximately \$644 million;
- and
- A Retail Entitlement Offer, which could raise up to approximately \$378 million.

The new shares issued under the Entitlement Offer will rank equally from allotment in all respects with existing Alumina ordinary shares.

The Entitlement Offer is not being made in the United States (other than to dealers or other professional fiduciaries organised, incorporated or (if an individual) resident in the United States acting for an account (other than an estate or trust) held for the benefit or account of persons that are not US Persons for which it has sole investment discretion (within the meaning of Rule 902(k)(2)(i) in Regulation S under the U.S. Securities Act of 1933, as amended ("Securities Act")) ("Eligible US Fund Managers")) or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act) ("US Persons"). In addition, Alumina is not registered as an 'investment company' under the U.S. Investment Company Act of 1940, as amended. Accordingly, Eligible Shareholders (including nominees) who are not Eligible US Fund Managers who hold ordinary shares of Alumina on behalf of persons in the United

¹ Calculated using the last closing price on ASX of \$1.49

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States or that are, or are acting for the account or benefit of, US Persons may not take up their entitlements or subscribe for new shares.

Macquarie Capital Advisers Limited and UBS AG, Australia Branch are acting as Joint Lead Managers to the Entitlement Offer and Underwriters to the Institutional Entitlement Offer. Whilst the Institutional Entitlement Offer is fully underwritten at the Offer Price of \$1.00 per share by the Joint Lead Managers, the Retail Entitlement Offer is not underwritten.

The Record Date for the Entitlement Offer will be 7.00pm (Melbourne time) on Tuesday, 5 May 2009. To conduct the Institutional Entitlement Offer, Alumina has requested that ASX place Alumina shares in a trading halt today until the re-commencement of trading on Monday, 4 May 2009. Under the Institutional Entitlement Offer, new shares not taken up by institutional shareholders entitled to participate in the Institutional Entitlement Offer ("Eligible Institutional Shareholders") (and those which would otherwise have been offered to institutional shareholders not entitled to participate in the Institutional Entitlement Offer ("Ineligible Institutional Shareholders")) will be offered to Eligible Institutional Shareholders who apply for new shares in excess of their entitlement and to other eligible institutional investors. The entitlements will not be tradeable on the ASX or otherwise transferable.

Eligible Retail Shareholders (as defined below) will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer. Eligible Retail Shareholders who take up their entitlement in full are also given the opportunity to apply for new shares in excess of their entitlement.

Further details of the Entitlement Offer are included as an Appendix to this announcement.

Shareholder Enquiries and details regarding the Prospectus

Retail shareholders who have any queries regarding the Entitlement Offer are encouraged to contact the Alumina Limited Shareholder Information Line on 1300 556 050 from within Australia or on +61 3 9415 4027 from elsewhere, between 8.30am and 5.00pm (Melbourne time). A Prospectus for the Entitlement Offer will be made available when the new shares are offered. Full details of the Entitlement Offer will be set out in the Prospectus which will be lodged with ASIC today. Any retail shareholder entitled to participate in the Retail Entitlement Offer ("Eligible Retail Shareholder") who wishes to acquire new shares should read the Prospectus in full and complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will be in, or will accompany, the Prospectus.

For investor enquiries:

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This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"))("U.S. Persons"). The securities to be issued in the Entitlement Offer have not and will not be registered under the U.S. Securities Act. Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities have been registered under the U.S. Securities Act or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act. Any public offering of securities in the United States will be made by means of a prospectus that contains detailed information about Alumina and the management of its business, as well as financial statements.

Important information

Some statements in this release 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; (e) constraints on the availability of bauxite; and (f) the risk factors and other factors summarised in Alumina's June 2008 Half-Yearly ASX Report filed on Form 6-K and Alumina's Form 20-F for the year ended 31 December 2007. 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.

Appendix – Entitlement Offer Details

Offer Structure

The Entitlement Offer is structured as an Accelerated Non-Renounceable Pro Rata Entitlement Offer consisting of an Institutional Entitlement Offer and a Retail Entitlement Offer. Entitlements cannot be traded on the ASX or otherwise be transferred.

1. Institutional Entitlement Offer

Existing Eligible Institutional Shareholders will be invited to participate in the Institutional Entitlement Offer under a prospectus which was lodged with the Australian Securities and Investments Commission ("ASIC") on Thursday, 30 April 2009 (the "Prospectus"). The Institutional Entitlement Offer will open at 10:00am (Melbourne time) on Thursday, 30 April 2009 and close at 11:00am (Melbourne time) on Friday, 1 May 2009.

Eligible Institutional Shareholders can choose to take up their entitlement in whole, in part or not at all. In addition, under the Institutional Entitlement Offer, new shares equal in number to those attributable to entitlements not taken up by Eligible Institutional Shareholders, together with new shares attributable to entitlements which would otherwise have been offered to Ineligible Institutional Shareholders if they had been eligible to participate in the Institutional Entitlement Offer, which collectively form the institutional shortfall, will be offered to Eligible Institutional Shareholders who apply for new shares in excess of their entitlement, and to certain other eligible institutional investors.

2. Retail Entitlement Offer

Eligible Retail Shareholders will be invited to participate in the Retail Entitlement Offer on the same terms as the Institutional Entitlement Offer under the Prospectus. The Retail Entitlement Offer is not underwritten. The Retail Entitlement Offer will open on Wednesday, 6 May 2009 and close at 5:00pm (Melbourne time) on Monday, 25 May 2009.

Eligible Retail Shareholders can choose to take up their entitlements in whole, in part or not at all. Eligible Retail Shareholders who take up their entitlement in full can also apply for new shares in excess of their Entitlement. However, Eligible Retail Shareholders are not assured of being allocated any new shares in excess of their entitlement.

Stock Lending and Other Transactions

Eligible shareholders will be entitled to apply under the Entitlement Offer for 7 new Alumina shares for every 10 existing Alumina shares held as at 7:00pm (Melbourne time) on Tuesday, 5 May 2009 (the "Record Date"). Alumina notes that it has been granted a waiver by ASX so that, in determining shareholder entitlements for the Entitlement Offer, it may ignore any changes in security holdings that occur after the announcement of the trading halt in Alumina's shares made earlier today (other than registrations of transactions that were effected through ITS before that announcement).

Accordingly, a person who is a registered shareholder of Alumina at 7:00pm (Melbourne time) on the Record Date as a result of a dealing after the announcement of the trading halt (other than the registration of a transaction effected through ITS before that announcement) may not receive an entitlement under the Entitlement Offer.

This means, for example, that in the event an Alumina shareholder has existing Alumina shares out on loan, the borrower will be regarded as the shareholder for the purposes of determining the entitlement (provided that those borrowed shares have not been on-sold).

Key Entitlement Offer Dates

Alumina has requested that its shares be placed in a trading halt on ASX pending the outcome of the Institutional Entitlement Offer. Its shares are expected to remain in trading halt until Monday, 4 May 2009. The Record Date for the Entitlement Offer will be 7.00pm (Melbourne time) on Tuesday, 5 May 2009.

Record date for entitlements under the Entitlement Offer:	7:00pm (Melbourne time) on Tuesday, 5 May 2009
Institutional Entitlement Offer	
Trading halt for Alumina ordinary shares on ASX commences (2 business days duration):	Thursday, 30 April 2009
Institutional Entitlement Offer period:	10:00am (Melbourne time) Thursday, 30 April 2009 to 11:00am (Melbourne time) Friday, 1 May 2009
Settlement of Institutional Entitlement Offer (via DvP in CHESS):	Wednesday, 13 May 2009
New shares issued under Institutional Entitlement Offer expected to commence trading on ASX (on a normal settlement basis):	Thursday, 14 May 2009
Retail Entitlement Offer	
Retail Entitlement Offer period:	Wednesday, 6 May 2009 to Monday, 25 May 2009 (5:00pm Melbourne time)
New shares issued under Retail Entitlement Offer:	Monday, 1 June 2009
New shares issued under Retail Entitlement Offer expected to commence trading on ASX (on a normal settlement basis):	Tuesday, 2 June 2009
Holding statements expected to be dispatched:	Wednesday, 3 June 2009

These dates are indicative only and subject to change. All times and dates refer to Melbourne time. Alumina has the right, in consultation with the Joint Lead Managers, to extend the closing date for the Retail Entitlement Offer, to close the Retail Entitlement Offer early, to withdraw the Entitlement Offer at any time prior to the issue of new shares and/or to accept late applications either generally or in specific cases.

Full details of the Entitlement Offer are set out in the Prospectus which was lodged with ASIC on Thursday, 30 April 2009. The Prospectus will be sent to eligible shareholders and be made available on Alumina's website. Any Eligible Retail Shareholder who wishes to acquire new Alumina shares under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will be in or will accompany the Prospectus, and should consider the Prospectus in deciding whether to subscribe for new Alumina shares.