

To: The Manager
Announcements
Company Announcements Office



Public Announcement 2003 – 22AWC

Attached is a copy of a media release concerning Alcoa Inc. entering into a Memorandum of Understanding with the Government of the Kingdom of Bahrain.

A handwritten signature in black ink, appearing to read "Stephen Foster", written over a faint, illegible stamp.

Stephen Foster
Company Secretary

16 September 2003

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▶ **16 September 2003**

For Immediate Release

**Alcoa to Acquire Stake in Bahrain Smelter;
AWAC Refineries to Supply Alumina**

Alcoa Inc. has entered into a Memorandum of Understanding ("MOU") with the Government of the Kingdom of Bahrain paving the way for Alcoa to acquire up to a 26% stake in Aluminium Bahrain ("Alba"), which operates an aluminium smelter in Bahrain. A copy of the announcement is attached.

Alumina Limited's strategy is to pursue relevant opportunities for profitable growth. The supply of alumina from AWAC refineries to the expanded Alba smelter is consistent with that strategy. Alumina Limited is also in discussions with Alcoa on AWAC's possible participation in the Alba equity transaction.

AWAC, the world's largest alumina producer with a 25% share of world alumina production capacity, is a global joint venture between Alumina Limited (40%) and Alcoa (60%).

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Alcoa To Acquire Stake In Aluminium Bahrain Smelter; Will Provide Long-Term Alumina Supply

PITTSBURGH & BAHRAIN--(BUSINESS WIRE)--Sept. 15, 2003--The government of the Kingdom of Bahrain and Alcoa (AA), the world's leading producer of primary aluminium, today signed a memorandum of understanding (MOU). The MOU paves the way for Alcoa to acquire up to a 26 percent equity stake in Alba, a Bahrain company that owns and operates a 512,000 metric tons per year (mtpy) aluminium smelter, and covers a long-term alumina supply arrangement for the Alba smelter.

"This MOU provides growth opportunities both for Alcoa and Alba and ensures the continuous supply of high quality alumina, the main raw material used in the production of aluminium," said the Bahrain Minister of Oil and Chairman of the Alba board of directors, His Excellency Shaikh Isa bin Ali Al Khalifa. "Bahrain's relationship with Alcoa goes back to the very beginning of Alba and we are pleased to further reinforce this strategic relationship.

"The Government of Bahrain's plans and objectives include attracting inward investment to the Kingdom -- and we believe that having Alcoa as a business partner is a significant step in this direction," he said.

"We are delighted to strengthen our partnership with Alba and Bahrain," said John Pizzey, Executive Vice President of Alcoa and President of Alcoa Primary Products. "Alba is a world-class facility, and our participation there will help drive our strategies of lowering our position on the cost curve and expanding our global presence in the alumina and aluminium markets."

The four-potline Alba smelter is one of the world's lowest cost facilities, serving markets in the Mid-East and Asia. Alba is currently adding a fifth line which, when completed in 2005, will bring its overall capacity to 819,000 mtpy and make it the largest aluminium smelter in the world outside Eastern Europe. The MOU is designed to accelerate plans for an additional expansion, a sixth line with 307,000 mtpy of additional capacity.

Alba also owns and operates a dedicated carbon department, a marine terminal, a 1,500 MW power plant, a 450,000 tonnes per annum coke calcining plant and a desalination plant to support the smelter. The entire plant operates to the Environmental Management System standard ISO14001 and the Casthouses are also operating to the ISO 9001:2000 Quality Management System.

The company was officially established in 1971 and its shareholders today are the Government of Bahrain (77%), SABIC Industrial Investments (20%) and Breton Investments (3%).

Alcoa World Alumina and Chemicals ("AWAC"), a worldwide alliance between Alcoa Inc. and Alumina Ltd., is currently the primary supplier of alumina to Alba. AWAC has been one of Alba's major alumina suppliers since the smelter was commissioned in 1971.

Under the MOU, alumina for the expanded Alba smelter -- which will require as much as 2.2 million mtpy upon completion of the sixth line -- will continue to be sourced from AWAC refineries.

Final agreements on the equity stake in the smelter and the alumina supply arrangements are expected to be concluded by mid-2004. The agreements will become effective upon completion of the fifth pot-line in March of 2005. Alcoa and Alumina Ltd. are conducting separate discussions on AWAC's possible participation in the Alba equity transaction.

Alcoa is the world's leading producer of primary aluminum, fabricated aluminum and alumina, and is active in all major aspects of the industry. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation and industrial markets, bringing design, engineering, production and other capabilities of Alcoa's businesses to customers. In addition to aluminum products and components, Alcoa also markets consumer brands including Reynolds Wrap(R) foils and plastic wraps, Alcoa(R) wheels, and Baco(R) household wraps. Among its other businesses are vinyl siding, closures, precision castings, and electrical distribution systems for cars and trucks. The company has 127,000 employees in 40 countries. More information can be found at www.alcoa.com.