



Alumina Limited 2010 Full Year Results

10 February 2011

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Strong cash generation – Dividends up

Alumina Limited

- Final dividend of 4¢ per share fully franked

	2009	2010
Underlying Earnings (US\$m)	-	37
NPAT (US\$m)	(24)	35
Total Dividend	1.8 cents	6 cents

AWAC

- Strong cash generation and dividends
- Underlying profits up on 2009
- Results impacted by \$135 million from Brazil issues
- \$1.1 billion improvement in free cash flow
- AWAC dividends to Alumina Limited up to \$234 million

AWAC Operational Highlights

- Production was a record 15.2 million tonnes
- Brazil was in losses for 2010
- Controllable operating costs were well managed
 - Strength of Australian dollar a headwind
- AWAC capital expenditure was at its lowest level for many years at \$298m
 - Reflects end of major capex cycle

Highlights and Outlook

- Strong aluminium demand in 2011 lifts aluminium and alumina prices
- Brazil operations running at capacity
- AWAC Capacity now at 17.2 million tonnes
- 20% of third party contracts for 2011 signed based on index or spot price
- Platts index price currently \$390 per tonne



2010 Performance

Judith Downes
Chief Financial Officer

AWAC results at a glance (US GAAP)

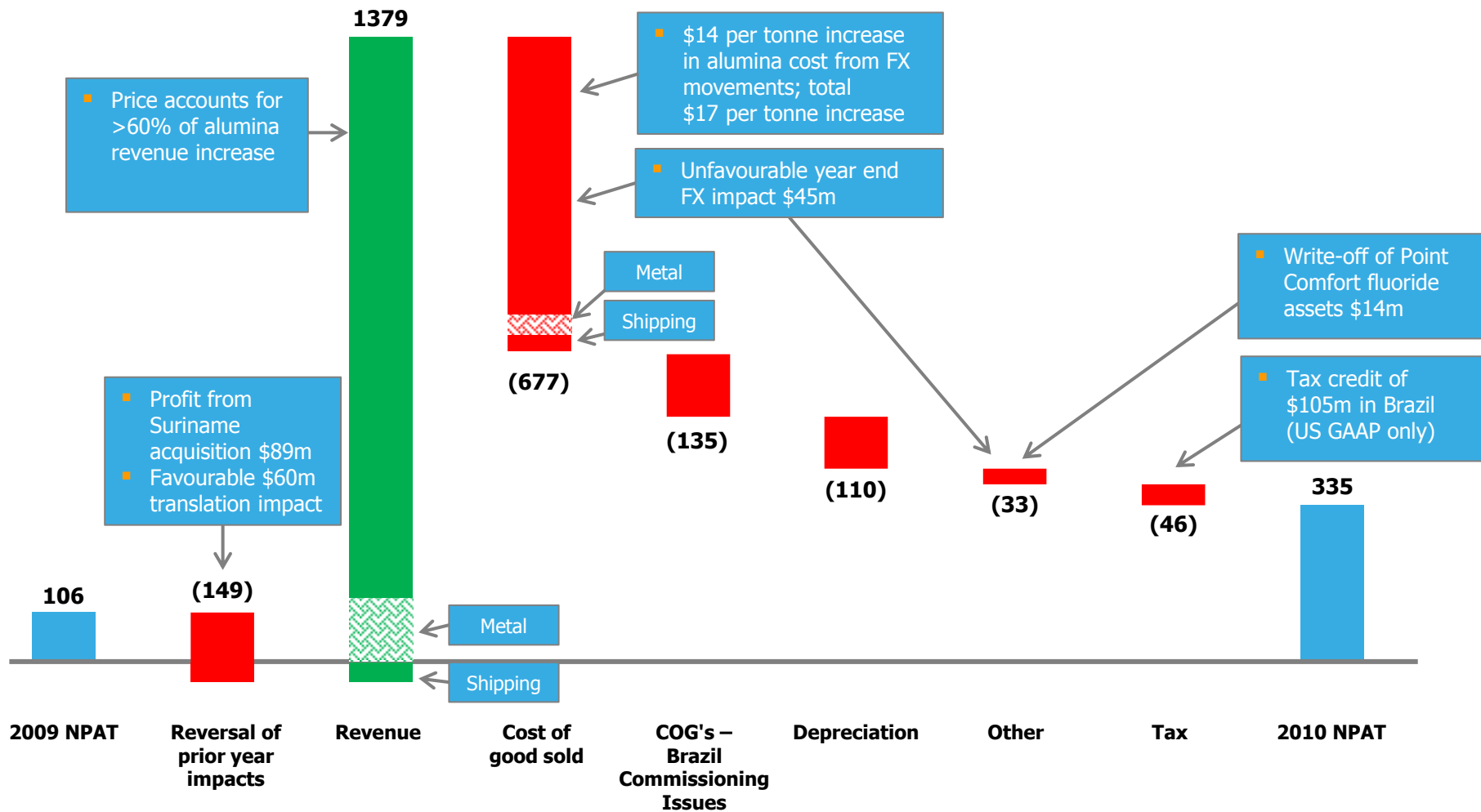
- Recovery from low prices and reduced demand of 2009
- Continued emphasis on reducing overheads and tight cash control
- Depreciation increased by \$110 million as plant commissioned in Brazil
- Tax credit of \$105 million recognised in Brazil (US GAAP only) during 2010

US\$m	FY09	FY10
Sales revenue	2,706	3,452
Related party revenue	1,372	2,004
Total Revenue	4,078	5,456
COGS and operating expenses	(3,712)	(4,523)
Depreciation and Amortisation	(315)	(425)
Other	46	(136)
Total Expenses	(3,981)	(5,084)
Profit before Tax	97	372
Income Tax	9	(37)
Net Profit after Tax	106	335

Brazil refinery now running at capacity

- One-off costs of \$80 million in 2010 to fix issues arising during commissioning and start up of expanded refinery
- Total cost \$135 million from costs of fixing commissioning issues and resulting production cost increases
- Refinery operated at <70% of capacity in 2010
- Mine at Juruti operating above initial capacity
- Results impacted by additional \$100 million of depreciation

AWAC Profit & Loss

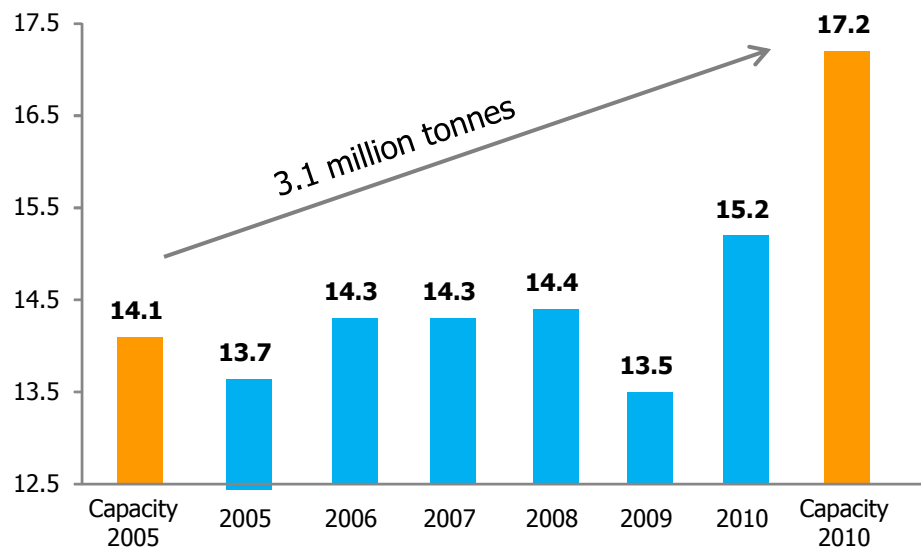


All figures in US\$m

Production of alumina increased to record

- Alumina production of 15.2 million tonnes, up 12% on 2009
- Australian refineries running at capacity

AWAC Alumina Production (Million Tonnes)

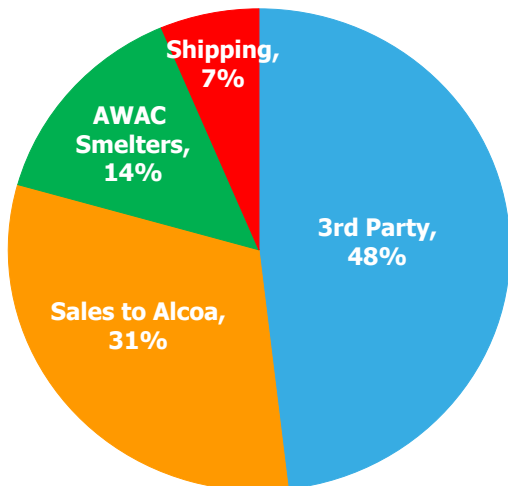


- AWAC total nameplate alumina capacity 17.2m tonnes – world's largest alumina producer
- All refineries at capacity in 2010 except:
 - Brazil (commissioning expansion)
 - Suriname (partly curtailed)
 - Point Comfort (swing capacity)
- Aluminium production of 354,000 tonnes

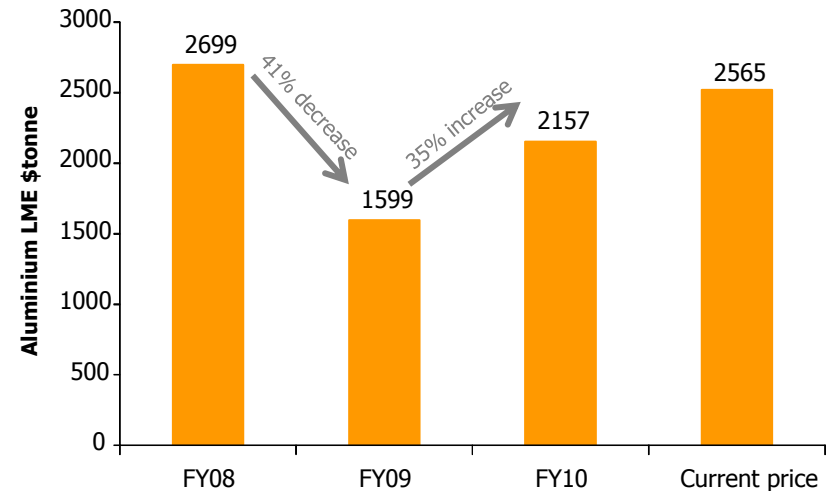
Alumina price improves

- AWAC realised alumina price increased 28%
- Alumina priced as a percentage of LME aluminium price for a significant part of 2010 production
- Alumina contracts reference 3 month LME
- On average, change in 3 month LME price takes 2 months to flow through to alumina revenue
- No benefit for tonnes in "locked" margin (entered 2H09) from 2010 LME increase

2010 AWAC Revenue Break Up



LME aluminium reference value, by year (3 month LME, lagged by 2 months)

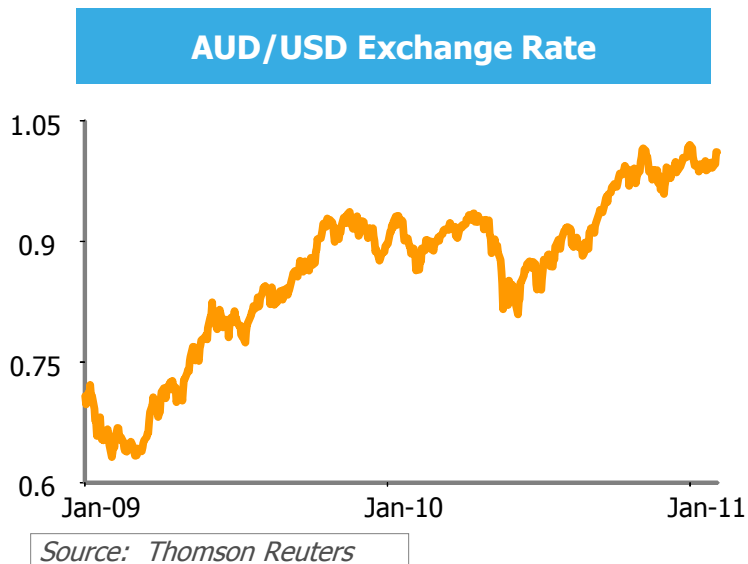
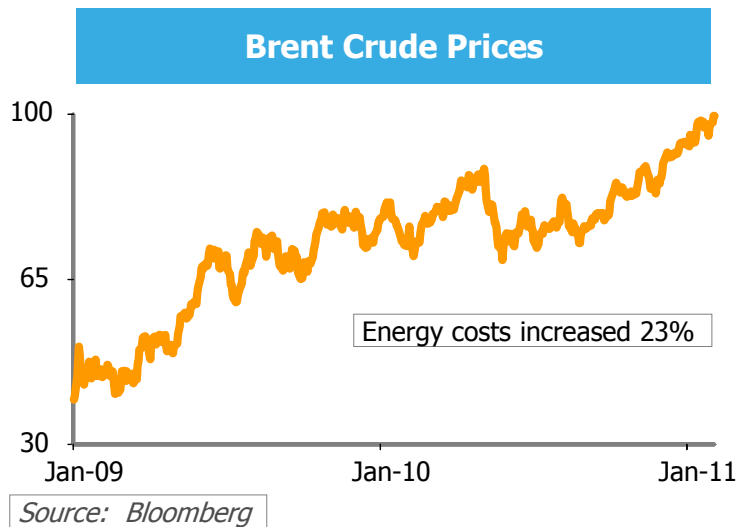


Note: Monthly average price is calculated using 3 month LME prices

Source: Thomson Reuters

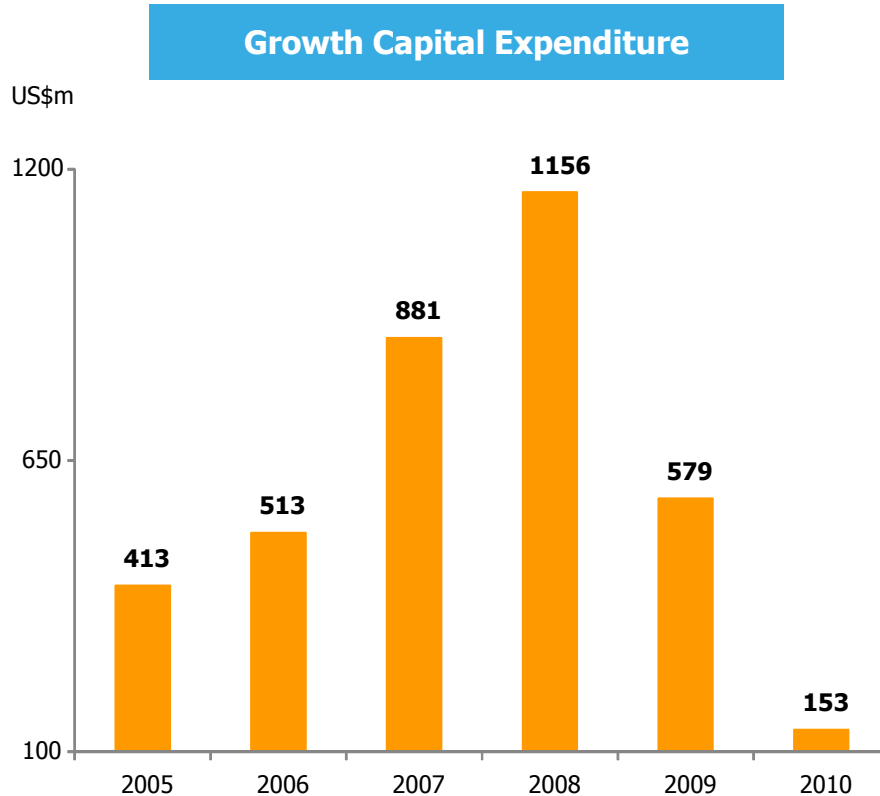
The 2010 result reflects a sales pricing period from November 2009 to October 2010

Controllable production costs well managed



- CAP up \$17 per tonne (\$14 per tonne from AUD strengthening)
- 2H costs impacted by rising Australian dollar and oil
- 60% of AWAC production in Australia; AUD cost of alumina production down \$10 per tonne on 2009

AWAC major growth investment nearing conclusion



- Commissioning completed for expanded refinery in Brazil
- Juruti mine in Brazil operating above initial target capacity of 2.6 million tonnes per year
- Some investment in mining equipment delayed from 2010 to 2011, to allow focus on commissioning issues
- Further investment in social infrastructure projects at Juruti in 2011
- Brazil project remains within approved expenditure

AWAC generates significant free cash flow

US\$m	FY09	FY10
Cash from operations	(64)	714
Capital expenditure	(665)	(298)
Free cash flow*	(729)	416

* Free cash flow defined as cash from operations less capital expenditure

- Improvement in cash from operations
 - EBITDA increase of \$389 million over 2009
 - Investment in non-current assets down to \$37 million in 2010 compared to \$368 million in 2009
- Major capital investment program in Brazil almost complete
- AWAC free cash flow returned to shareholders
- AWAC continues policy of minimal gearing

Alumina Limited Profit & Loss

Major IFRS adjustments

- AWAC results in US GAAP
- Adjusted to AIFRS before Alumina Limited recognises its share of profits
 - \$105m tax credit in AWAC reversed
 - \$27m inventory LIFO credit in AWAC reversed
 - \$15m embedded derivative credit
 - \$20m pension debit

- Adjustments between US GAAP and AIFRS all non-cash book entries
- Corporate costs are incurred in A\$;
 - Strengthening A\$ resulted in higher 2010 USD costs
 - One-off tax from funds flow in Brazil
 - Costs of change in functional and currency presentation
 - Establishment of corporate entities in Brazil

	FY09 US\$m	FY10 US\$m
Equity Share of AWAC Underlying PAT	26	87
Corporate Costs	(11)	(15)
Finance Costs	(31)	(39)
Other & Tax	16	4
Underlying Earnings	-	37
Retirement benefit obligation, AWAC	18	(8)
Embedded Derivative, AWAC	(42)	6
Net Profit After Tax	(24)	35

* 1H09 translated at historic average rate for 1H09

* 2H09 translated at historic average rate for 2H09

Alumina Limited free cash flow*

- Significant improvement in dividends received, \$234 million for year
- Further \$8 million distributions from AWAC entities
- Investments in associates primarily directed to Brazil
 - growth capital expenditure
 - increase in working capital
 - operating losses
 - cost of commissioning and start up issues

US\$m	FY09	FY10
Dividends received	136	234
Costs	(39)	(43)
Other	10	10
Cash from Operations	107	201
Payments for Investments in Associates	(441)	(148)
Free Cash Flow	(334)	53

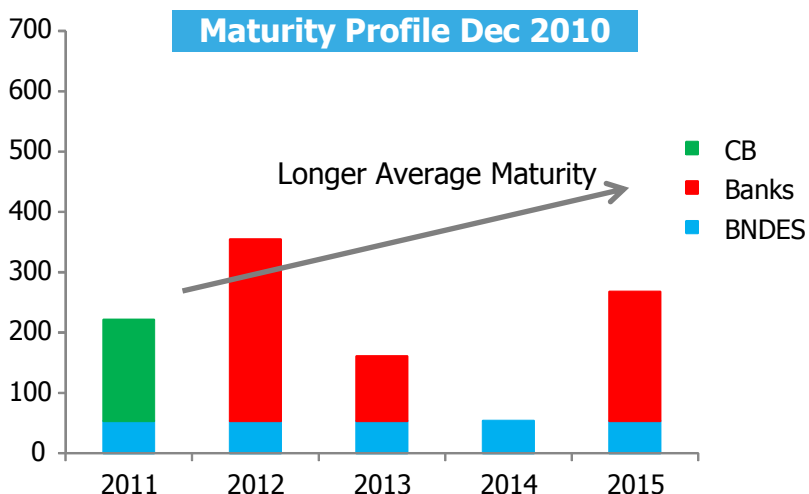
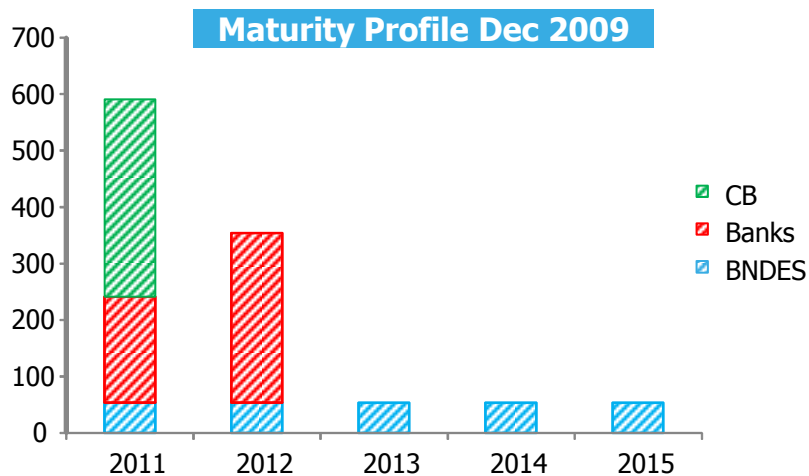
* Free cash flow defined as cash from operations less payments for investments in associates

Alumina's conservatively geared and has improved funding flexibility

- Net gearing* 10%
- Extended debt maturity profile
- More flexible facilities, smaller refinance requirements
- Convertible Bond outstanding reduced to \$168m
 - \$182m bought back during year
 - one-off put to Company in May 2011; or
 - conversion/redemption in May 2013
- New \$320m Syndicated Facility
 - 3 and 5 year tranches
 - Revolving
 - Will replace facilities maturing in 2011
 - Increased bank panel

* (Net debt) / (debt + equity)

Maturity Profile and Finance Charges



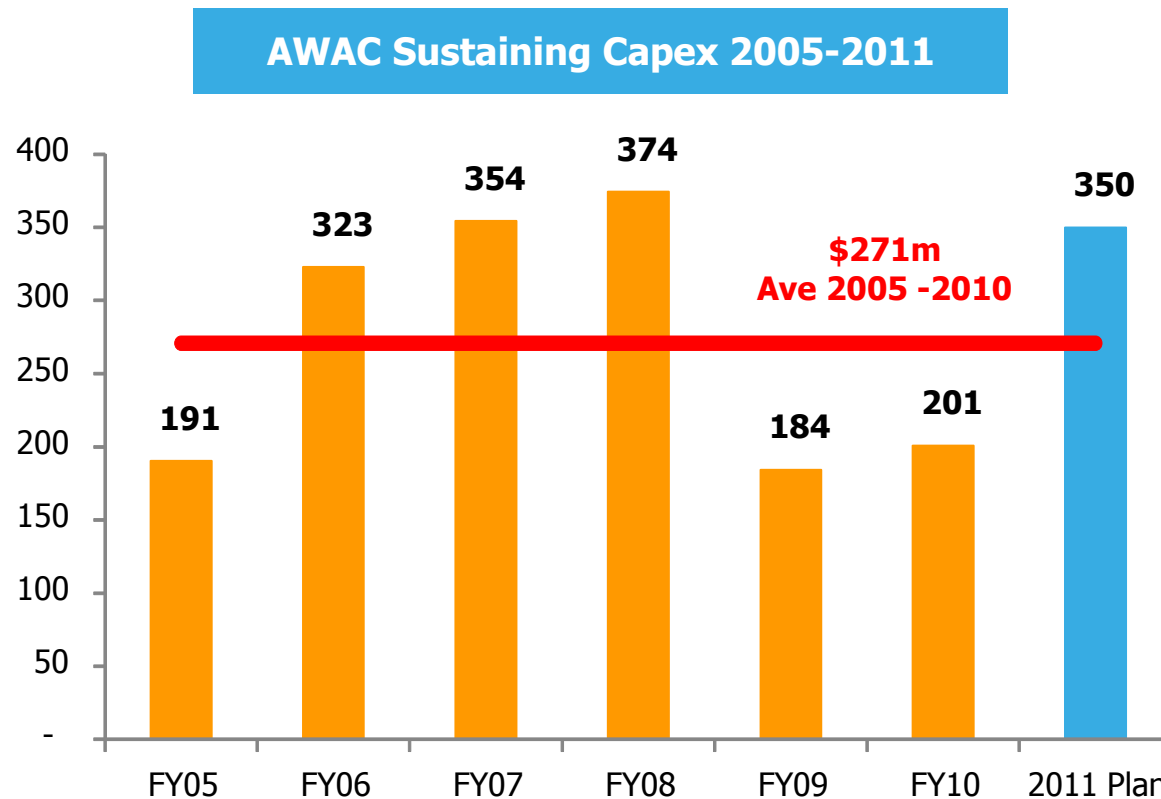
Finance Charges	2009 (\$m)	2010 (\$m)
Convertible Bond Coupon	7.0	6.5
Convertible Bond Amortisation (Non-Cash)	9.1	8.1
BNDES Loan (Net)	2.6	15.6
Other Interest Expense	3.8	Nil
Fees & Charges	8.5	8.5

■ BNDES commenced amortisation in 2010

2011 AWAC Guidance

- Sensitivities to LME and AUD provided in Appendix C
- LME sensitivity applicable only to tonnes sold on linkage, aluminium tonnes, and Alcoa purchase price
- Approximately 20% of 2011 third party alumina will be sold based on spot prices
- Production target 15.8 million tonnes of alumina
- Aluminium production target 360,000 tonnes
- Ma'aden investment by Alumina Limited of \$50 million

2011 AWAC Guidance



- Sustaining capex ~\$350 million
 - Crusher move in Australia
 - RDAs in several locations
- Growth capex \$158 million, mainly deferred expenditure for mine efficiencies in Brazil

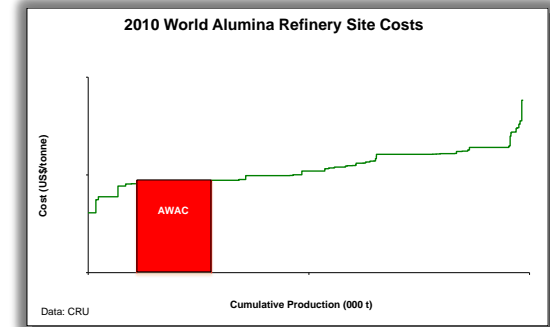


The Market

John Bevan
Chief Executive Officer

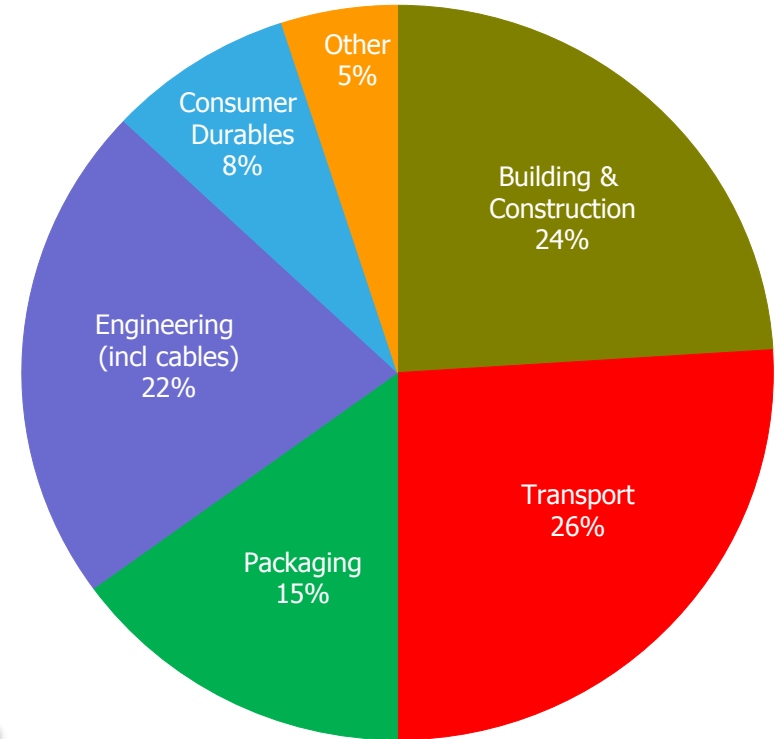
AWAC – global leader in bauxite and alumina

- Largest bauxite miner
 - Produces approx 40 million tonnes per annum
 - Long life mines and leases
 - New Brazilian mine operating above design
- Largest producer of alumina
 - Capacity over 17 million tonnes
 - Brazil now running at capacity
 - Ma’aden (additional capacity) in planning
 - Production planned for 15.8 million tonnes in 2011
- Low cost producer
 - Reflects proximity to bauxite



Demand for aluminium up 12% on 2010

- 2011 is forecast to grow by twice the long term forecast average
- 15% in China
 - driven by urbanisation and infrastructure
 - copper substitution
- 10% rest of world
- Ongoing recovery outside China – USA, Germany
- Emerging economies growing quickly



Source: IAI



10% in US

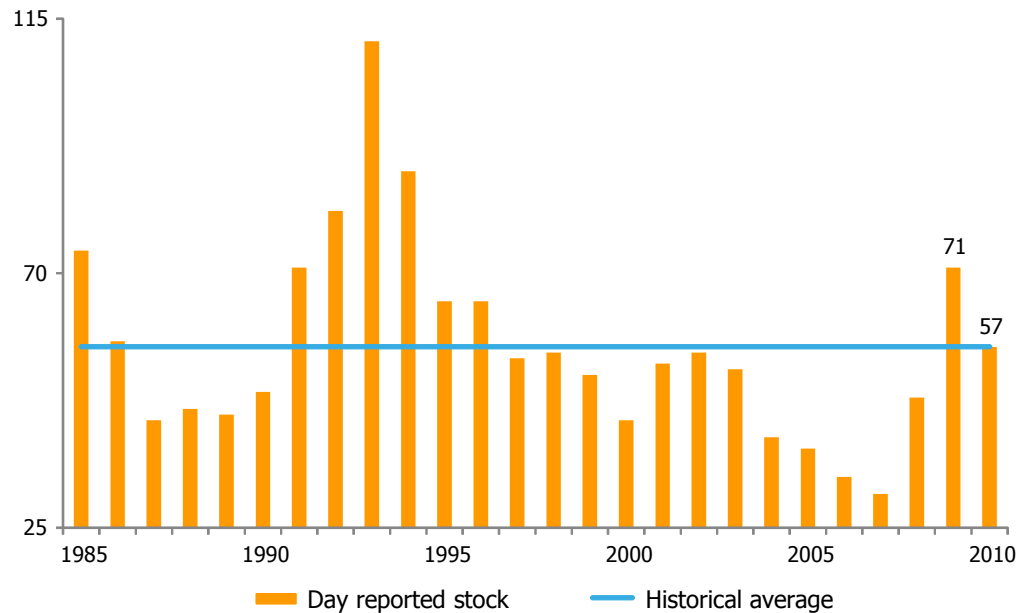


25%+ in US



Infrastructure
in China

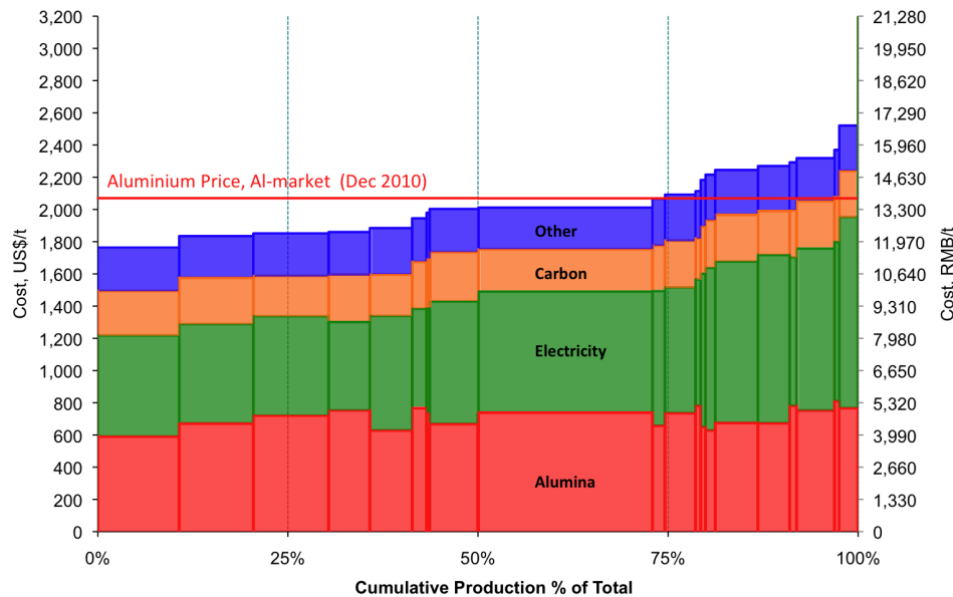
Aluminium stock days down to long term average



Source: Brook Hunt (A Wood Mackenzie Company) Aluminium Market Service

- Current stocks now at long term average of 57 days
- Financing deals have tied up stocks
- Commodity funds emerging – likely to tie up further stock
- Regional premiums for metal continue at high prices
- Forward curve remains in contango

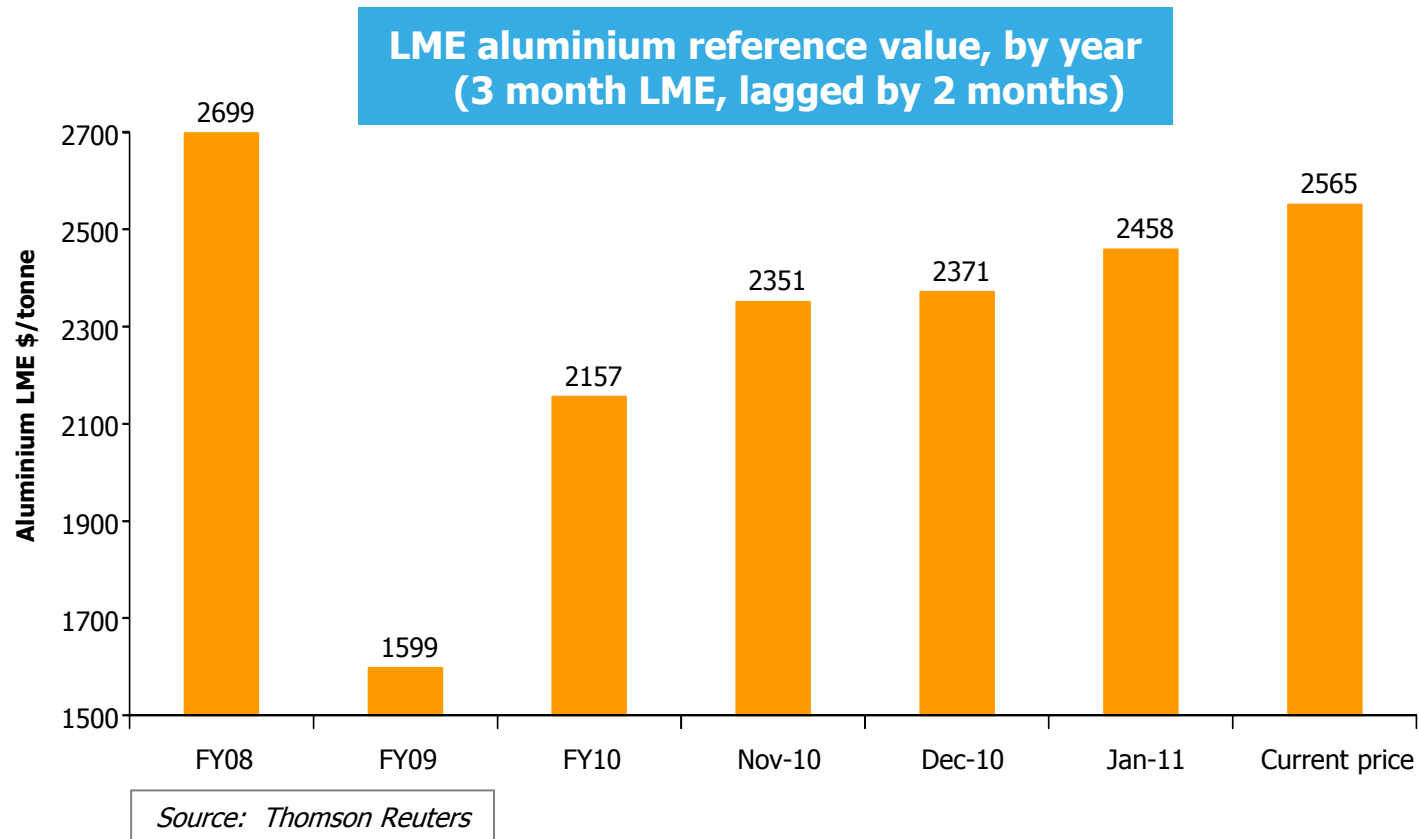
Increasing Chinese aluminium costs underpin global prices



Source: Clark & Marron

- Increased cash production costs (such as electricity and alumina) underpinning higher aluminium prices
- In 2010, smelters predominantly high cost, comprising >80% of 4Q and >60% of 3Q
- Government addressing energy and environmental issues – expected to impact smelting

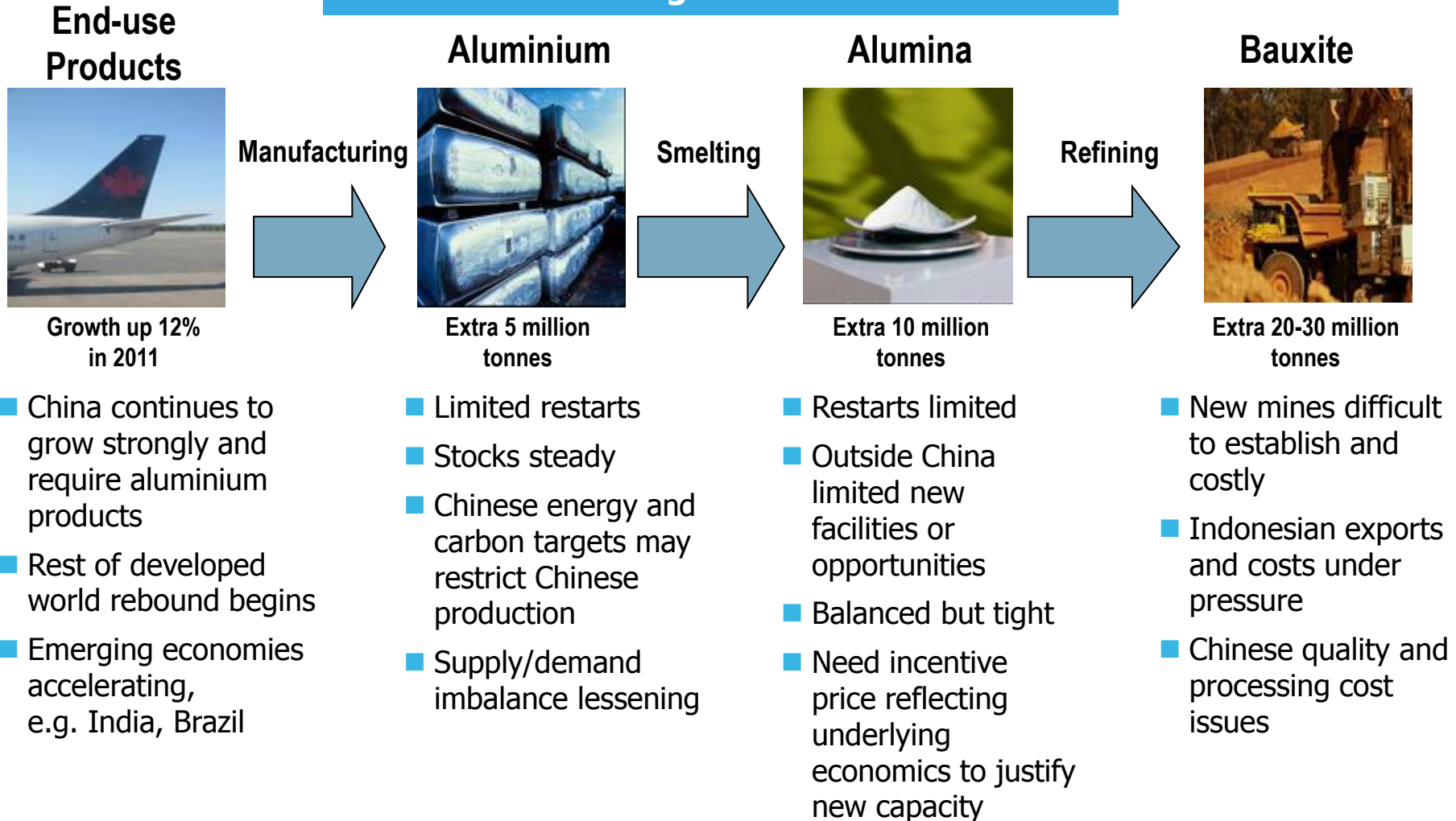
Rising aluminium prices will bolster alumina prices for AWAC



- AWAC's revenue period uses November to October LME
- LME prices have risen 17% on 2010 average

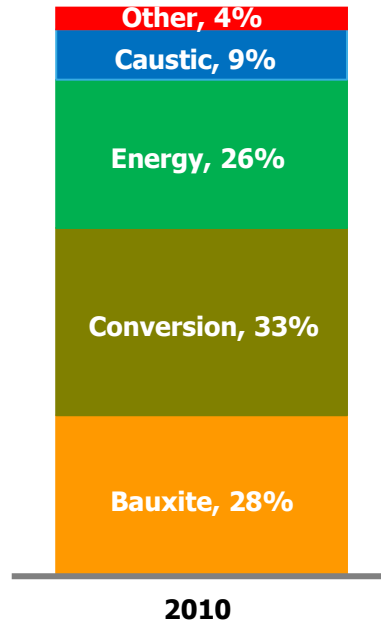
Aluminium demand builds upstream pressure

Twice the Long Term Growth Rate



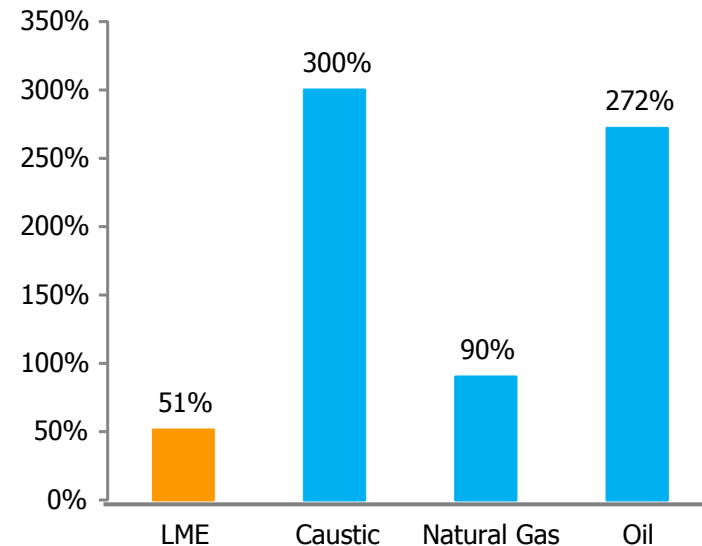
Alumina price has been disconnected from its input costs

AWAC Cost Elements



Source: AWAC

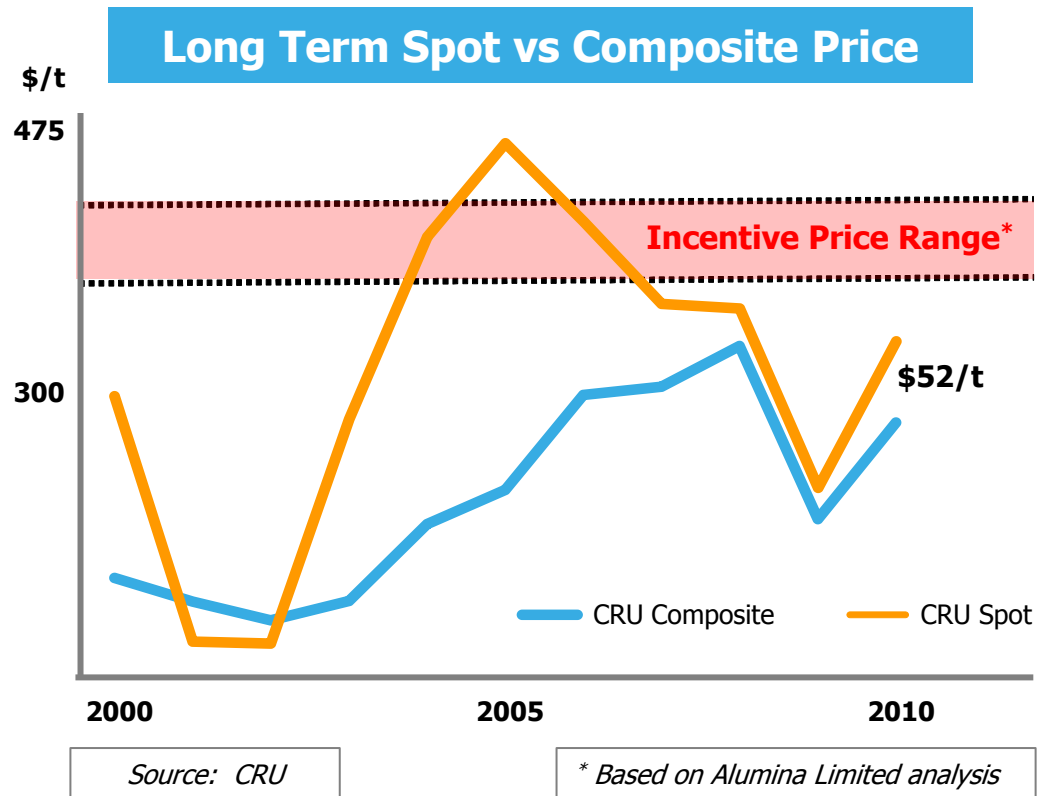
Selected Refining Input Costs vs LME 2000 – 2010



Source: Thomson Reuters, CMAI, Bloomberg

- Over 10 years, aluminium pricing has not matched alumina cost movements
- Pricing of alumina needs to reflect underlying economics
- Bauxite and alumina have different fundamentals to aluminium

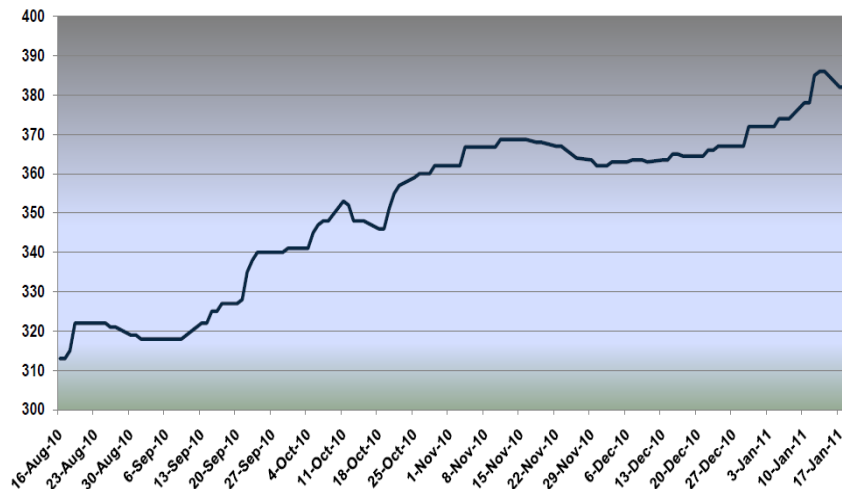
Supply needs incentives to build production



- Higher incentive price needed for new capacity
 - Capital intensive, with rising capital costs, less competitive brownfield options
 - Different risk profile of greenfield opportunities
 - New bauxite mines are difficult to develop
- Spot prices currently more than \$50/tonne above historical linkage contract rates

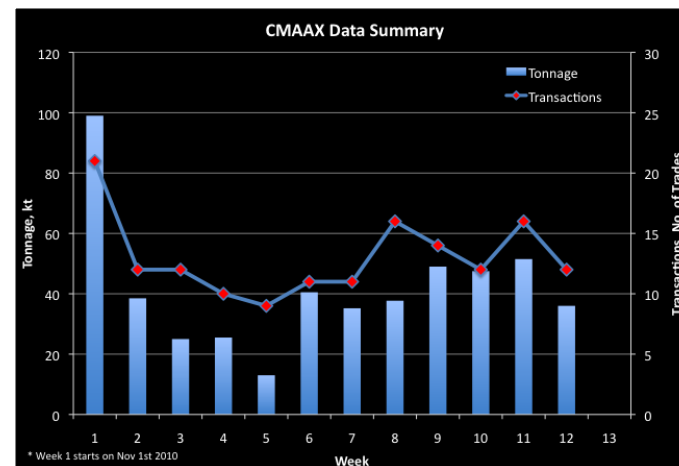
Market embracing index pricing

Platts FOB Australian daily prices – from August 2010



Source: Platts

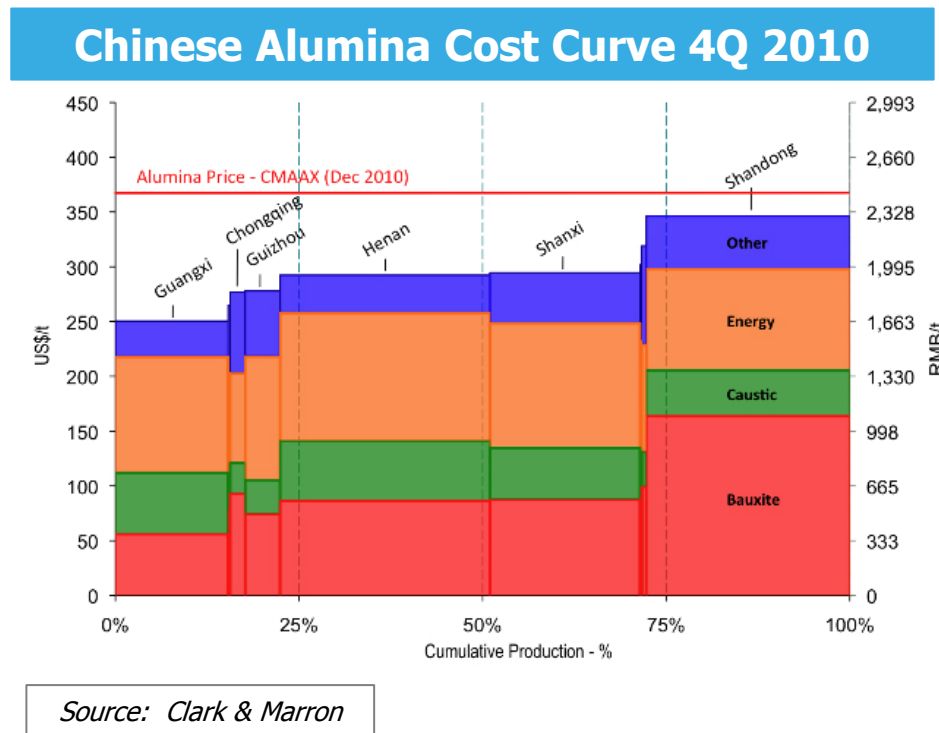
CMAAX Weekly Trading



Source: CMAAX

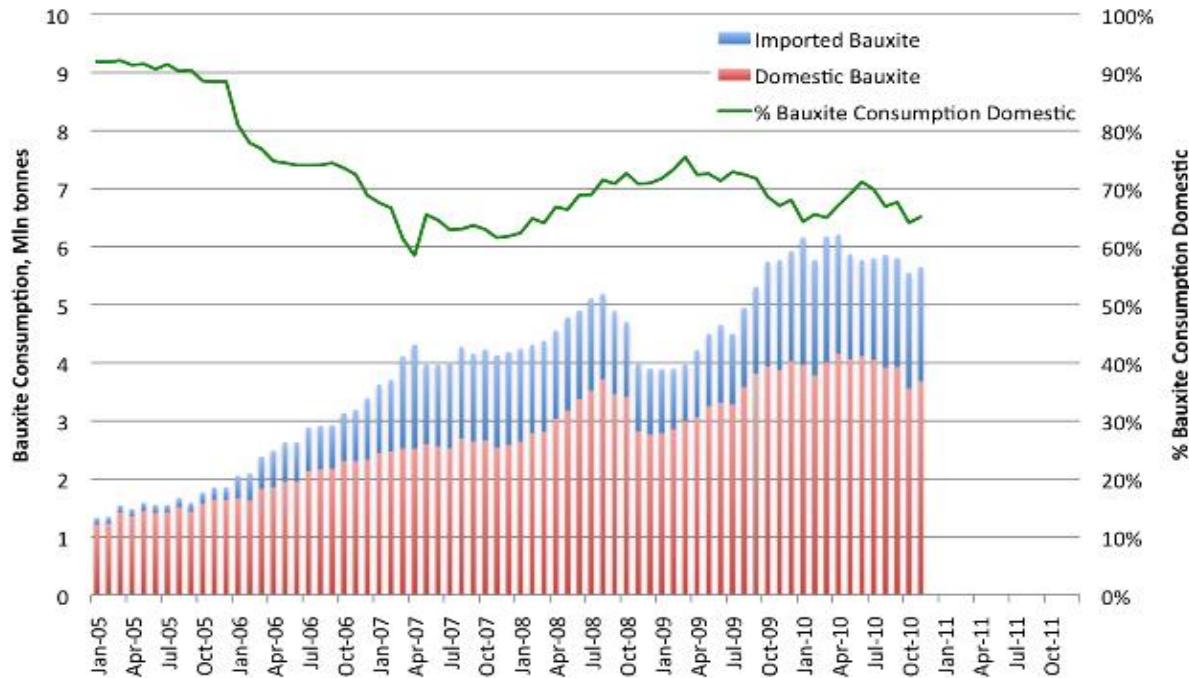
- New daily and weekly alumina indices emerge – Platts (FOB Australia, freight, China imported and domestic), CMAAX (China Ex Works), Metals Bulletin (FOB Australia)
- Indices reflecting market improvement and alumina fundamentals
- All new AWAC 2011 contracts signed priced against spot based indices
- Approx 20% of alumina third party contracts rollover each year

Marginal producers set pricing in short term



- Shandong refineries represent industry's marginal producers
- Shandong's 5 refineries produce 13.5 million tonnes capacity (and increasing)
- Average cash cost US\$345/t – 85-90% of Shandong's bauxite is currently imported
- Most Shandong producers use coal (from Shanxi, Shaanxi or imported) as their energy source
 - Transport constraints
 - Overall cost likely to increase
- Shandong refineries influence the clearing price in China

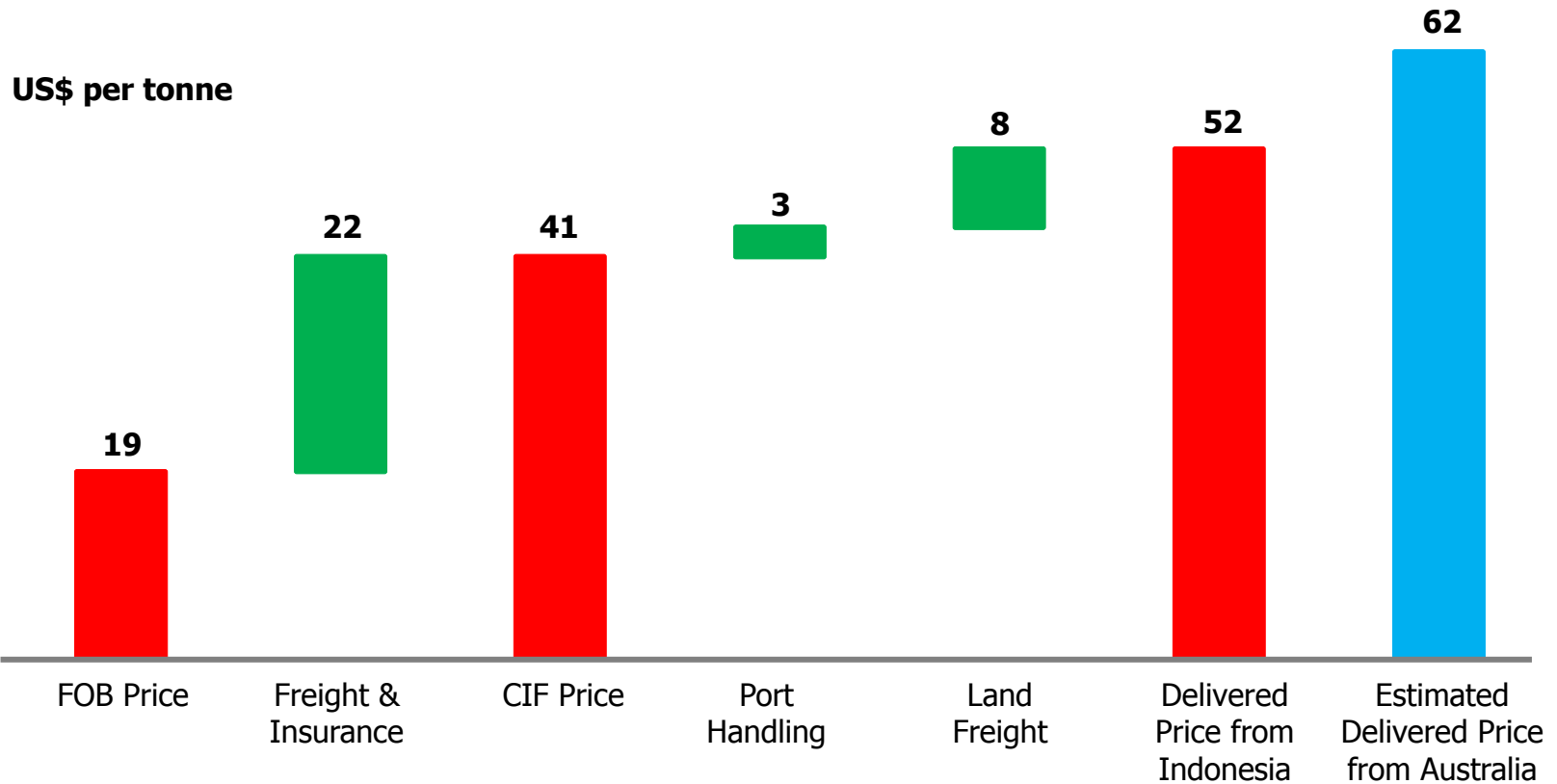
China does not meet its bauxite requirements locally



Source: Clark & Marron

- China today only supplies 65% of bauxite locally – down from over 90% in 2005
- Local bauxite quality diminishing – ore dressing and sintering options add costs
- Supply constraints are emerging- Indonesian cost, environmental and regulatory issues
- New supply sources are unclear – Indian regulatory issues, Laos and Vietnam infrastructure issues
- Higher bauxite costs will drive alumina prices up

Indonesian imported bauxite price cascade into China

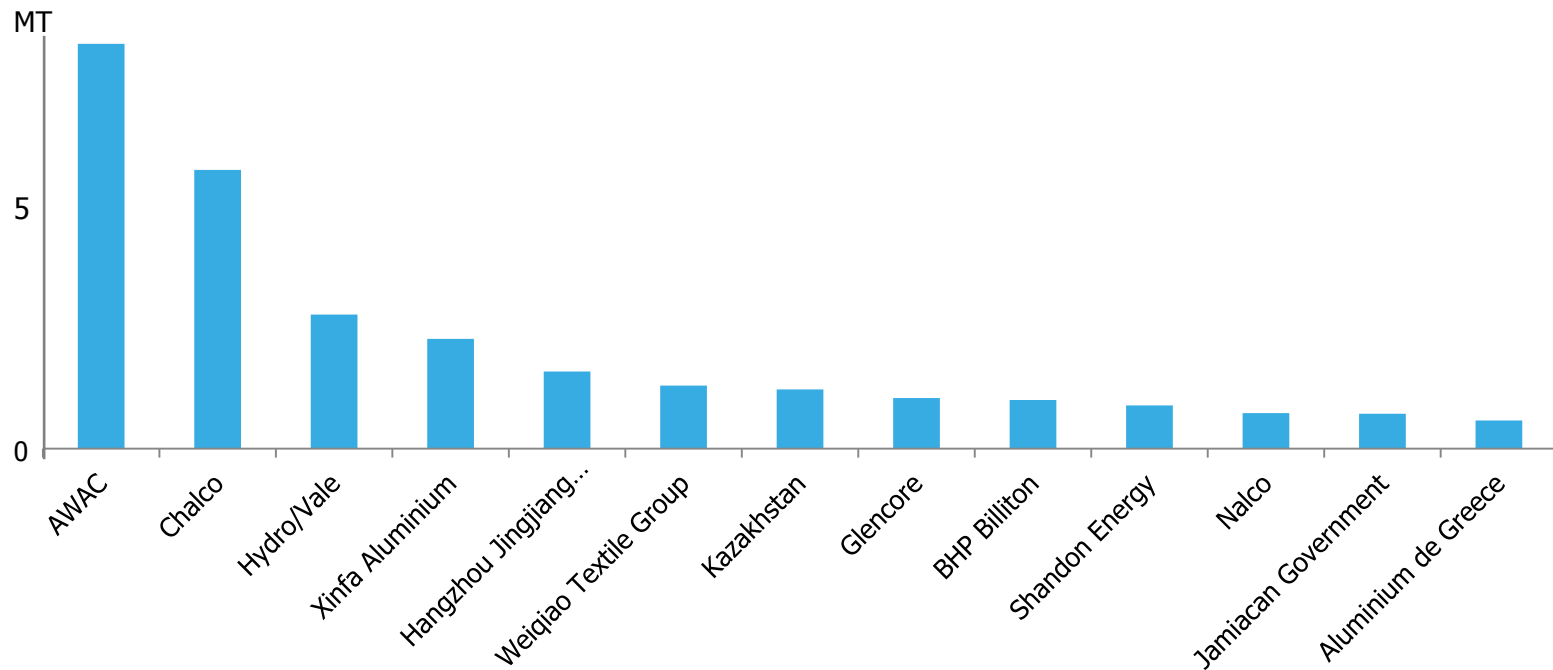


- Shandong's bauxite is currently imported mainly from Indonesia (75%) and Australia (23%)

Source: China Customs, Clark & Marron

AWAC is the leader in the third party SGA alumina market

Alumina 3rd Party Seller Positions 2010



- AWAC is a low cost producer of alumina – planning to produce 15.8mt in 2011
- Majority goes to the third party market (approx 9-10mtpa)
- Alcoa pays the average third party contract price (incorporating sales on spot index price) to AWAC

Source: Alcoa analysis based on production

Summary

- Alumina Limited returned to profitability and strong cash generation
- Final dividend of US 4 cents per share, fully franked; total dividend for year US 6 cents per share
- Brazil now running at capacity
- 20% of alumina contracts now on spot / index
 - Current index price is \$390 per tonne
- Aluminium and alumina demand forecast to increase by 12% in 2011



Questions

AWAC Bauxite Assets ⁽¹⁾

Active Bauxite Mines	Huntly & Willowdale	MRN Brazil	Juruti Brazil	CBG Guinea	Manchester Plateau Jamaica	Suriname Mines
Ownership	AWAC 100%	AWAC 9.6%	AWAC 100%	AWAC 23%	AWAC 55%	AWAC 100%
Expiration/ renewal date of mining rights	2045	2046	Refer Note ⁽²⁾	2038	2042	2033 ⁽³⁾
Area available to mine/exploration	7,000 square km	39,382 hectares	30,000 hectares	2,360 square km	10,761 hectares	4,286 hectares
Approx average per cent available alumina ⁴	33%	49%	47%	51%	41%	45%
Other Bauxite Interests	Cape Bougainville	Mitchell Plateau	Juruti	East Trelawny	Suriname Mines	Az Zabirah
Location	Australia	Australia	Brazil	Jamaica	Suriname	Saudi Arabia (25.1% AWAC)
Area available for exploration	9,000 hectares	186,000 hectares	180,000 hectares	31,400 hectares	19,063 hectares	14,700 hectares

⁽¹⁾ This page contains general information only in relation to AWAC's bauxite assets. For further details, refer to Alumina Limited's 2009 Form 20-F

⁽²⁾ Mining rights available until exhaustion of deposit

⁽³⁾ Caramacca mine rights expire in 2012

⁽⁴⁾ The calculation of available alumina grades has not been prepared in accordance with the Australasian Code for reporting of exploration results, mineral resources and ore reserves. The amount of available alumina is based on exploration and analysis of samples performed over a period time

AWAC Alumina Refineries

Country	Facility	Owners (%) of ownership where not 100% AWAC) ¹	Name Capacity ² (MTPY)	AWAC Share (MTPY)
Australia	Kwinana	AWAC	2.2	2.2
	Pinjarra	Alcoa of Australia	4.2	4.2
	Wagerup		2.6	2.6
Brazil	Sao Luis (Alumar)	Rio Tinto Alcan Inc (10%) Aluminio (15%) BHP Billiton (36%) AWAC (39%)	3.5	1.4
Jamaica	Jamalco (Clarendon)	AWAC (55%) Alumina Production Ltd (Government of Jamaica) (45%)	1.5	0.8
Spain	San Ciprian	AWAC	1.5	1.5
Suriname	Suralco	AWAC	2.2	2.2
US	Point Comfort	AWAC	2.3	2.3
Total			20.0	17.2

¹ All assets owned 100% by AWAC, except for Alumar (AWAC 39%) and Jamaica (AWAC 55%)

² Nameplate capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production

Guidance Sensitivities

■ LME for aluminium

- \$100 movement in the LME aluminium price per tonne is expected to impact AWAC profit before tax in 2011 by approximately \$180 million
- Excludes spot or alumina indices-based sales, which account for approximately 20% of third party sales in 2011

■ AUD/USD

- 1 cent movement in the AUD/USD exchange rate is expected to impact AWAC profit before tax in 2011 by \$24 million

■ Cash costs

- AWAC cash costs per tonne of alumina production are expected to increase marginally from 2010
- Significant movements in exchange rates or other inputs will impact costs beyond this guidance

Guidance is indicative only and cannot be expected to be predictive of exact results