

To: The Manager
Announcements
Company Announcements Office
Australian Securities Exchange



Public Announcement 2012 – 10AWC

Attached is a copy of a presentation by Alumina Limited CFO, Mr Chris Thiris and Investor Relations Manager, Mr Ben Pitt which was distributed to analysts today.

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

Stephen Foster
Company Secretary

4 April 2012

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Alumina Limited Analyst Explanatory Materials

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Some statements in this presentation 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 Form 20-F for the year ended 31 December 2010.

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.

AWAC: the premier global bauxite / alumina business

Alumina Limited provides a unique ability for a pure investment in Alcoa World Alumina & Chemicals (AWAC)

- Alumina Limited owns 40% of AWAC through a JV with Alcoa Inc
- AWAC is a premier owner and operator of Tier 1 bauxite mines and alumina refineries globally. AWAC is Alumina Limited's only significant asset
- Alcoa's quarterly results includes AWAC operations. This presentation is intended to:
 - focus the analysts on the items in Alcoa's previous quarterly results that related to AWAC's business, and
 - remind the market of the drivers of AWAC's financial performance
- Note that commodity and FX prices in this presentation are based on publicly available market prices and may not equate to actual pricing under AWAC contracts



Section 1: Relating Alcoa's Results to AWAC

Alumina production



Alumina

4th Quarter Results

	4Q 10	3Q 11	4Q 11
Production (kmt)	4,119	4,140	4,178
3 rd Party Shipments (kmt)	2,433	2,256	2,378
3 rd Party Revenue (\$ Millions)	759	879	847
ATOI (\$ Millions)	65	154	125

Alcoa and subsidiaries

Segment Information (unaudited)

(dollars in millions, except realized prices; production and shipments in thousands of metric tons [kmt])

	4Q10	3Q10	1Q11	2Q11	3Q11	4Q11	2011
Alumina:							
Alumina production (kmt)	4,119	15,922	4,024	4,144	4,140	4,178	16,486
Third-party alumina shipments (kmt)	2,433	9,246	2,206	2,378	2,256	2,378	9,218
Third-party sales	\$ 759	\$ 2,815	\$ 810	\$ 926	\$ 879	\$ 847	\$ 3,462
Intersegment sales	\$ 585	\$ 2,212	\$ 633	\$ 723	\$ 751	\$ 620	\$ 2,727
Equity income (loss)	\$ 3	\$ 10	\$ 3	\$ 22	\$ 2	\$ (2)	\$ 25
Depreciation, depletion, and amortization	\$ 107	\$ 406	\$ 103	\$ 112	\$ 117	\$ 112	\$ 444
Income taxes	\$ 14	\$ 60	\$ 44	\$ 60	\$ 42	\$ 33	\$ 179
After-tax operating income (ATOI)	\$ 65	\$ 301	\$ 142	\$ 186	\$ 154	\$ 125	\$ 607

- Alcoa has approx 800ktpa of alumina production capacity (at Pocos and part of São Luís in Brazil) that is outside of AWAC
- Therefore need to reduce Alcoa's quarterly published alumina production volume by approx 200kt to get the corresponding AWAC production for that quarter

3rd party alumina shipments



Alumina

4th Quarter Results

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- Alcoa alumina 3rd party shipments generally aligns to AWAC alumina 3rd party shipments

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Intersegment sales	\$ 888	\$ 2,212	\$ 653	\$ 723	\$ 751	\$ 620	\$ 2,727
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3rd party alumina revenue



Alumina

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- Alcoa's alumina segment revenue includes revenue from alumina sales and shipping, but excludes any smelting revenue
- Alcoa 3rd party alumina revenue generally aligns to AWAC alumina 3rd party revenue
- Shipping revenue is reflected in 3rd party sales

Intersegment alumina sales



Alumina

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Alcoa and subsidiaries

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Intersegment sales	\$ 585	\$ 2,212	\$ 633	\$ 723	\$ 751	\$ 620	\$ 2,727
Equity income (loss)	\$ 3	\$ 10	\$ 3	\$ 22	\$ 2	\$ (2)	\$ 38
Depreciation, depletion, and amortization	\$ 107	\$ 406	\$ 103	\$ 112	\$ 117	\$ 112	\$ 444
Income taxes	\$ 14	\$ 60	\$ 44	\$ 60	\$ 42	\$ 33	\$ 179
After-tax operating income (ATOI)	\$ 65	\$ 301	\$ 142	\$ 186	\$ 154	\$ 125	\$ 607

- Alcoa's intersegment sales are sales of alumina and shipping to Alcoa and AWAC
- Smelter Grade Alumina (SGA) sales prices to Alcoa are largely an average of AWAC's 3rd party SGA prices
- Alcoa's intersegment alumina sales do not match AWAC's alumina sales as Alcoa has approx 800ktpa (200kt per quarter) of alumina production capacity that is outside of AWAC

Split between 3rd party and intersegment shipments



Alumina

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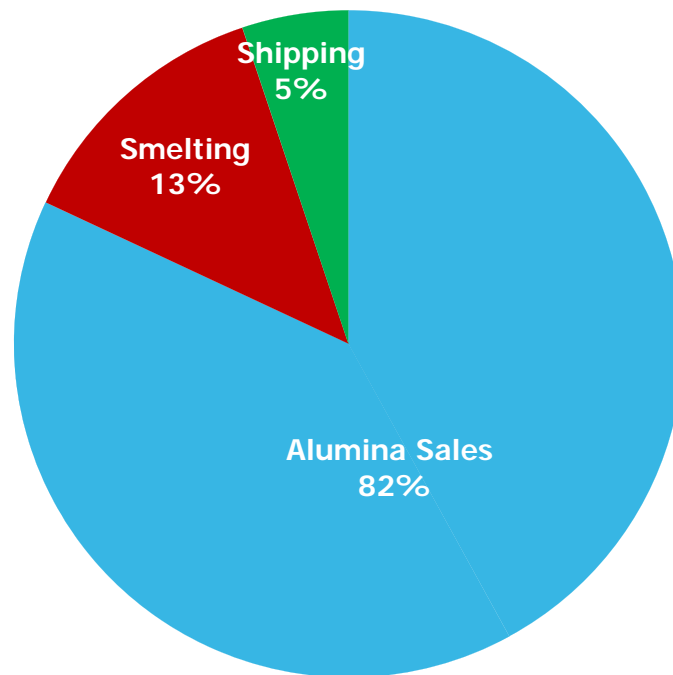
- The split of Alcoa production between 3rd Party shipments versus Alcoa's 'intersegment' shipments can vary from period to period
- This variance can result from shipping schedules and order flow

Alumina Production (kmt)*	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Production	3,866	3,890	4,047	4,119	4,024	4,144	4,140	4,178
3 rd Party shipments (by volume)	55%	58%	60%	59%	55%	57%	54%	57%
Shipments (by volume) to Alcoa/AWAC and movements in inventory	45%	42%	40%	41%	45%	43%	46%	43%

* Source: Alcoa reported data

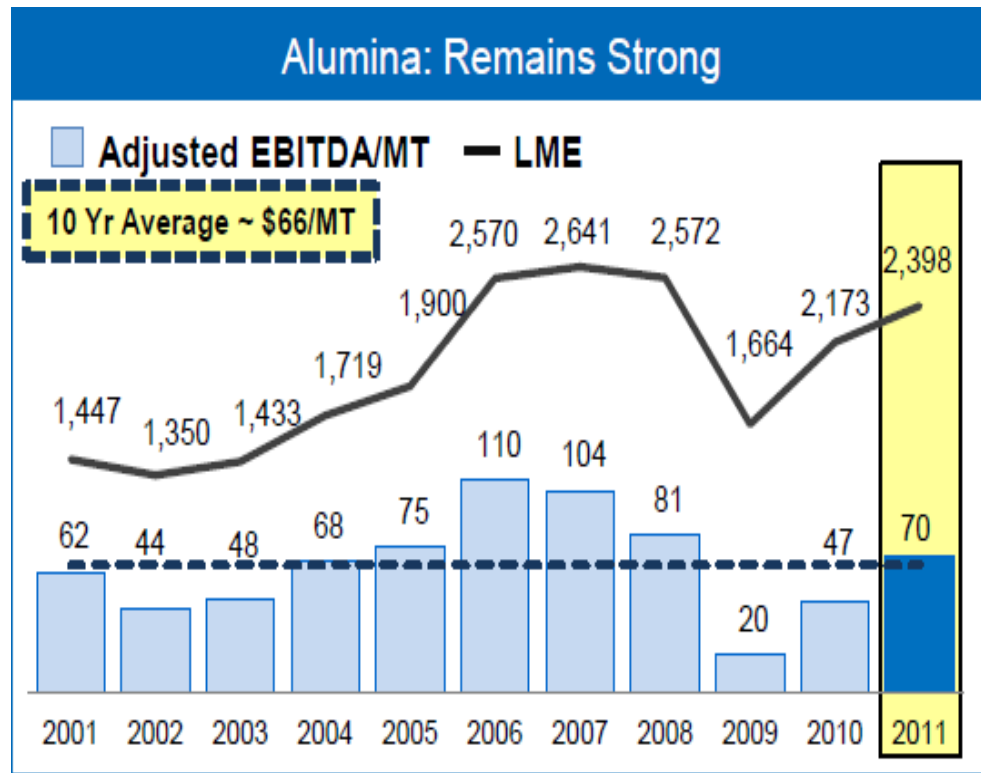
AWAC revenue

AWAC Revenue Break Up



- AWAC Revenue includes:
 - alumina sales revenue to 3rd parties and Alcoa;
 - shipping revenue; and
 - aluminium smelting revenue.
- Shipping revenue is included in Alcoa's alumina segment
- AWAC's shipping operations are owned and chartered vessels which transport liquid and bulk cargoes between AWAC alumina operations and other parties, including Alcoa
- Smelting revenue is included in Alcoa's primary metals segment
- AWAC's smelting operations comprise 2 smelters in Australia

Adjusted EBITDA margin



- Alcoa discloses the adjusted EBITDA/MT margin for its alumina segment in its quarterly results
- Alcoa's alumina segment margins averaged \$66/MT over 10 years. In FY11, it was \$70/MT
- AWAC's adjusted EBITDA/MT is usually in line with the Alcoa's alumina segment EBITDA/MT

Alcoa reported "Net income attributable to non-controlling interests"

Alcoa and subsidiaries

Statement of Consolidated Operations (unaudited)

(in millions, except per-share, share, and metric ton amounts)

	Quarter ended		
	December 31, 2010	September 30, 2011	December 31, 2011
Net income (loss)	292	225	(163)
Less: Net income attributable to noncontrolling interests	34	53	28
NET INCOME (LOSS) ATTRIBUTABLE TO ALCOA	\$ 258	\$ 172	\$ (191)

- Alcoa quarterly financial reports include net income attributable to non-controlling interests (minority interests)
- These 'non-controlling interests' include Alumina Limited's 40% equity share of AWAC. There are other minority interests within the Alcoa financial results which may affect analyses

Alcoa reported "Net income attributable to non-controlling interests"

	2H 2011	1H 2011	2H 2010	1H 2010
Alcoa reported Net income attributable to non-controlling interests (US GAAP)	\$81m	\$113m	\$82m	\$56m
Accounting Adjustments (IFRS) ¹ :				
Foreign Tax Differences	(\$9)m	(\$10)m	(\$42)m	-
Inventory (LIFO to FIFO)	\$3m	\$1m	(\$8)m	(\$2)m
Other	(\$2)m	\$1m	\$4m	(\$4)m
Adjusted amount¹	\$73m	\$105m	\$36m	\$50m
Alumina Underlying Earnings (pre funding and corporate costs)²	\$71m	\$103m	\$38m	\$49m

¹ Net adjustments made by Alumina Limited to arrive at underlying earnings, which is not an IFRS requirement

² Alumina's share of net profit of associates accounted for using the equity method (before its own costs), adjusted for certain non-cash items to arrive at underlying earnings, which is not an IFRS requirement

AWAC distributions

Alcoa and subsidiaries
Statement of Consolidated Cash Flows (unaudited)
(in millions)

	Year ended December 31,	
	2010 (d)	2011
FINANCING ACTIVITIES		
Net change in short-term borrowings	(44)	(31)
Net change in commercial paper	-	224
Additions to long-term debt	1,126	1,256
Debt issuance costs	(6)	(17)
Payments on long-term debt	(1,757)	(1,194)
Proceeds from exercise of employee stock options	13	37
Excess tax benefits from stock-based payment arrangements	1	6
Dividends paid to shareholders	(125)	(131)
Distributions to noncontrolling interests	(256)	(257)
Contributions from noncontrolling interests	162	169
Acquisitions of noncontrolling interests	(66)	-
CASH (USED FOR) PROVIDED FROM FINANCING ACTIVITIES	(952)	62

- Distributions to non-controlling entities is a useful indication of the level of AWAC distributions to Alumina Limited
- Note there are other items included in this line that do not relate to AWAC distributions to Alumina Limited so there will be differences

“Distributions to non-controlling interests”

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Alcoa disclosed distributions to non-controlling interests	\$72m	\$41m	\$41m	\$102m	\$97m	\$90m	\$66m	\$4m
Dividends received by Alumina Limited*	\$58m	\$37m	\$41m	\$98m	\$80m	\$86m	\$66m	\$0m

*Extracted from AWC ASX filings. The 4th quarter amount in 2010 and the 3rd quarter amount in 2011 are rounded to align to full year totals.



Section 2: AWAC Sensitivities

Reporting AWAC profit sensitivities

- Alumina Limited provides annualised AWAC profit before tax sensitivities with its year-end and half-year results
- Applicable in the current year, but they are to be applied to prior year profit before tax (after one-off items have been backed out):
 - Sensitivities must be applied after the prior year one-off adjustments have been reversed
 - Sensitivities must be applied to profit before tax due to movements in tax rates
- Based on US GAAP

AWAC profit sensitivities include

- Based on two key variables for 2012
 - LME: +/- \$100 per tonne = +/- \$102m profit before tax, keeping everything else constant
 - US\$/A\$: +/- 1 cent = -/+ \$19m profit before tax, keeping everything else constant
- Sensitivities need to be applied to the prior year averages
- 2011 averages were
 - LME: \$2,422 per tonne
 - A\$1 = US\$1.03
 - In Q4 2011, AWAC's production level was 15.9m tonnes on an annualised basis (2011: 15.7m tonnes)

AWAC profit sensitivities exclude

- Alumina sales based on spot/index
- Movement in production costs
- Other currency exposures
- Prior year reported one-off adjustments

Example how to apply AWAC sensitivities

AWAC 2011 Profit Before Tax	\$609m	Extracted from Audited AWAC results released February 2011
Reverse One-Off Items in 2011	(\$14)m	Refer below
AWAC 2011 Profit Before Tax & One-Off Items	\$595m	
Sensitivity Outcomes:		As per Alumina's 4E released February 2012
LME Aluminium	(\$211)m	2011 Average LME price was \$2,422/t. 2012 average price is (say) \$2,215/t Difference of -\$207 divided by \$100m and multiplied by +\$102m
Currency	(\$57)m	2011 average A\$/US\$ was 103¢. 2012 average rate is (say) 106¢. Difference of +3¢ multiplied by -\$19m

Notes:

1. Assumes no change to Q4 2011 alumina production levels
2. Assumes no change in alumina pricing relationship for contracts linked to LME aluminium prices
3. Does not include price and volume impact of 2012 alumina sales based on spot or index prices
4. Does not include the effect of changes in costs of production in 2012 compared with 2011
5. Does not include the effect of other currency movements relative to USD

One-Off Items in 2011:

▪ Provision for remediation of residue storage areas in St Croix, a refinery no longer operated by AWAC	(\$20)m
▪ Smelter restructuring costs	(\$14)m
▪ Loss on end of period balance sheet revaluations	(\$9)m
▪ Profit on sale of Alcoa of Australia land assets	\$43m
▪ Equity profit from AWAC's ownership of 20% of the Dampier to Bunbury pipeline	\$14m
	\$14m



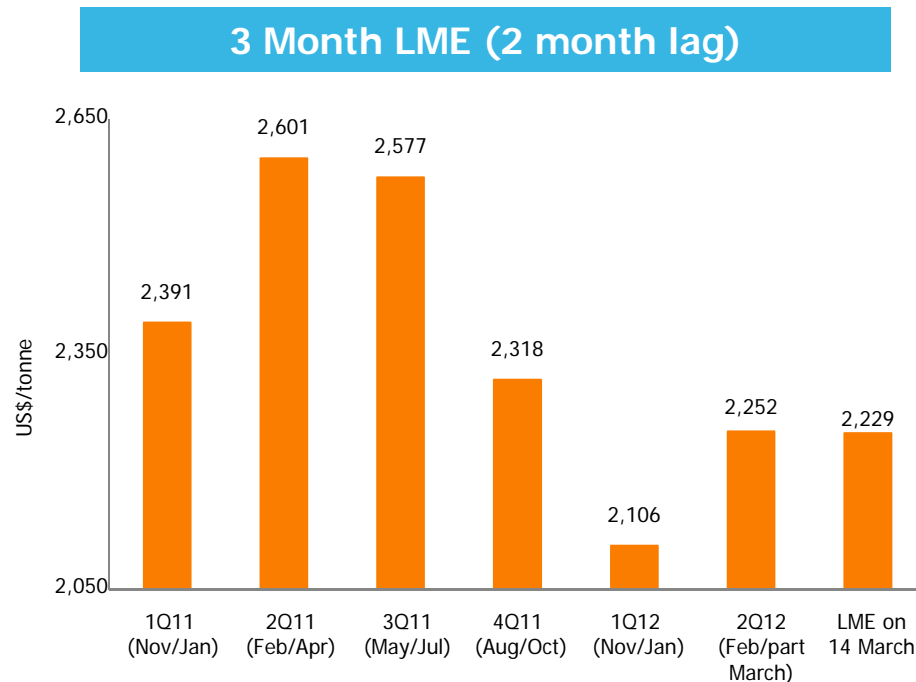
Section 3: AWAC Earnings Drivers

AWAC sales & pricing

- Majority of 3rd party SGA prices linked to 3-month LME aluminium price (2-month lag)
- Approximately 20% of 3rd party SGA sales priced off a spot or index basis by end of 2011. It was previously disclosed that it was expected that 33%* of AWAC's 3rd party shipments in Q1 2012 would be on a spot or index basis, and by the end of 2012 approximately 40%** of third party SGA sales were expected to be based on a spot or index basis. Indexed sales include 1 month lag
- Sales prices to Alcoa are largely average of AWAC's 3rd party SGA prices
- Smelting sales are based on 3-month LME aluminium price (15-day lag) plus a metal premium
- Note that commodity and FX prices in this presentation are based on publicly available market prices and may not equate to actual pricing under AWAC contracts

Alumina sales - LME linked

... majority AWAC alumina sales based on LME aluminium ...



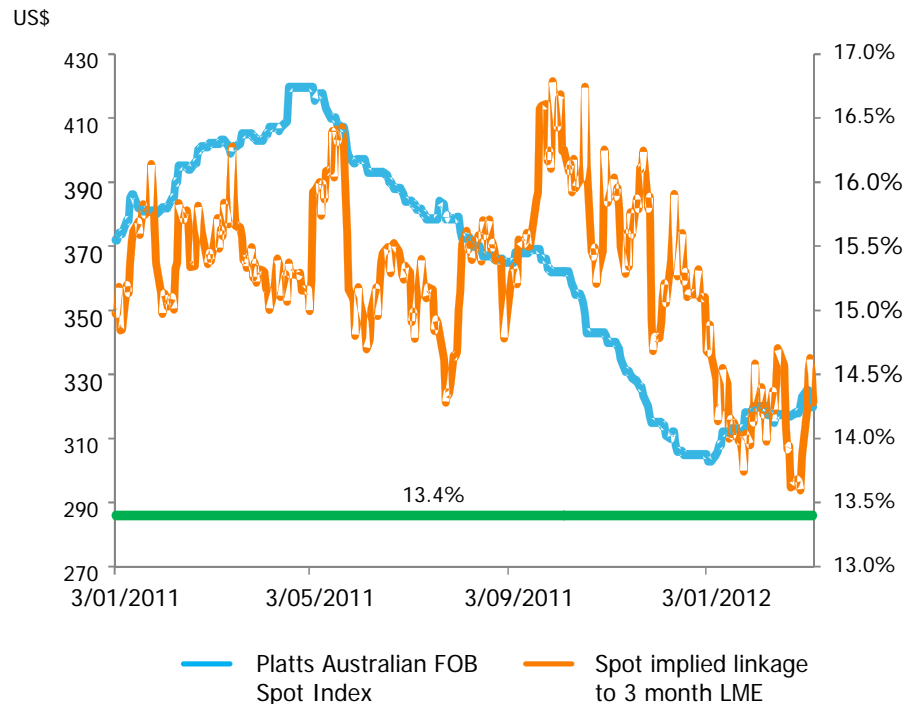
Sale price is the 3-month LME aluminium contract price, generally being the average of 2 month prior to the sale.

Source: Thomson Reuters

- First quarter LME linked contracts' revenue will reflect Nov-Jan 3 Month LME prices

Alumina spot priced indices

Alumina Platts Australian FOB
Spot Index & implied linkage



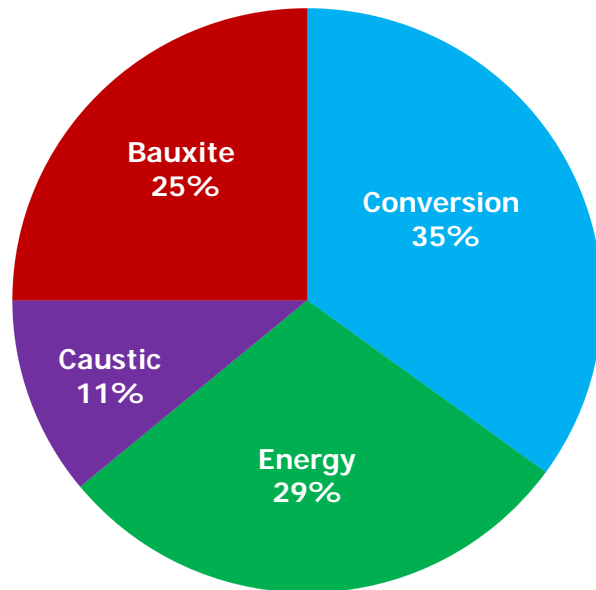
Source: Platts & Thomson Reuters

- Multiple suppliers using Spot/Index basis
- Average industry (ABARE) aluminium linkage rate in 2010 was 13.4%
- Spot/Index range in 2011 and 2012 (YTD) was between \$303 and \$420, and is higher than 13.4% of LME
- Over the past 10 years, the spot price has averaged approximately \$50 over the long term linkage rate

AWAC refining costs – 2011

... major inputs are bauxite, energy & caustic ...

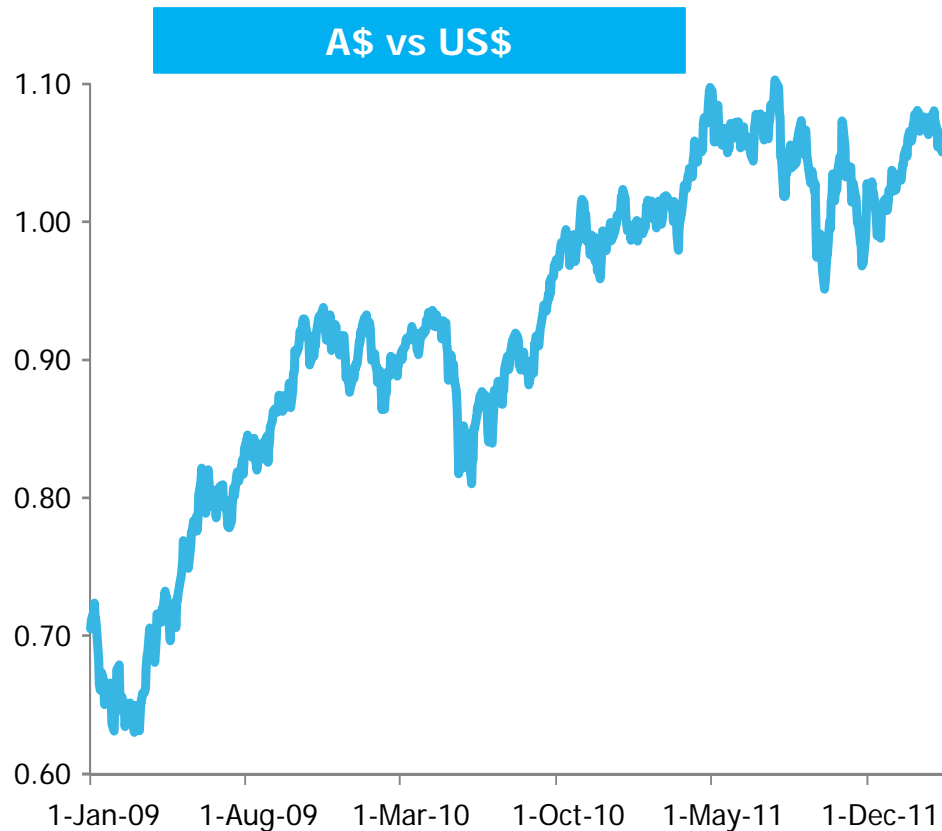
AWAC Refining Cost Structure



- Other than the sensitivity to the A\$, Alumina Limited does not provide guidance to changes in individual cost elements. Movements in these costs can be partially assessed via market price changes (such as those set out in the following slides)
- 60% of AWAC's alumina nameplate capacity is in Australia and Brazil
- 100% of AWAC's aluminium production is in Australia

A\$/US\$

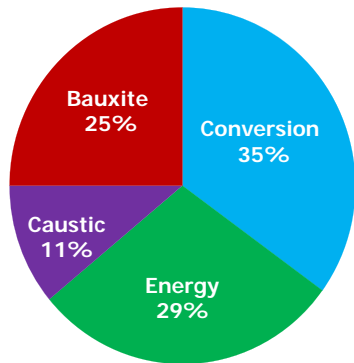
... significant exposure via Australian production ...



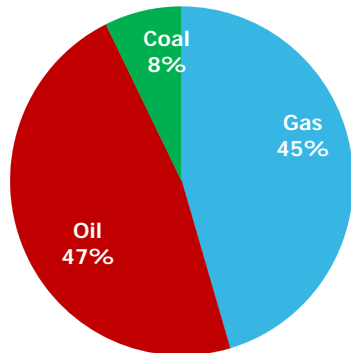
Source: Bloomberg

- AWAC Profit sensitivity to \$A movements: US\$/A\$: +/-1 cent = -/+ \$19m profit before tax, keeping everything else constant
- Australia represents 52% of AWAC's nameplate alumina capacity and 100% of AWAC's aluminium capacity
- Most of Australian costs are in A\$
- 2010 average A\$ was US\$0.92
- 2011 average A\$ is US\$1.03
- 14 March 2012 A\$ was US\$1.05

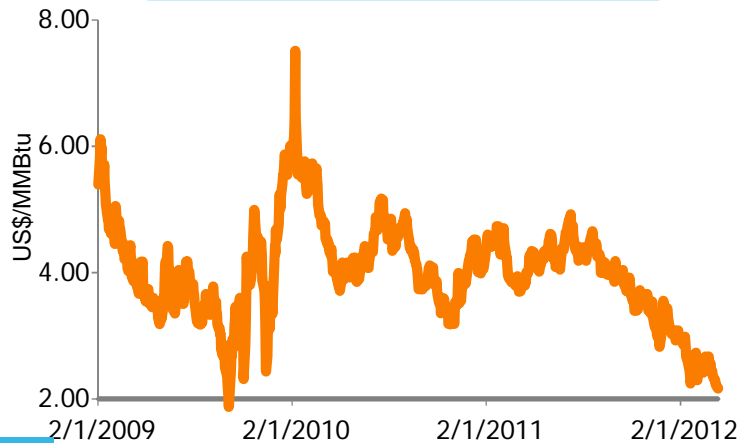
AWAC refining costs - energy



AWAC Refinery Energy Spend %



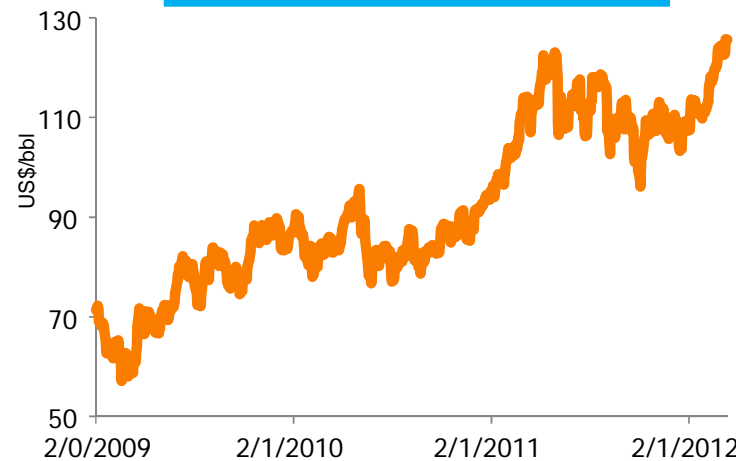
Henry Hub Gas Spot



- Point Comfort pricing is based on Henry Hub spot. 2011 average price was \$3.98/gigajoule
- Chart illustrates market movements. Price was \$2.10/gigajoule on 14 March 2012
- Australian gas is largely priced on a rolling 16 quarter average

Source: Bloomberg

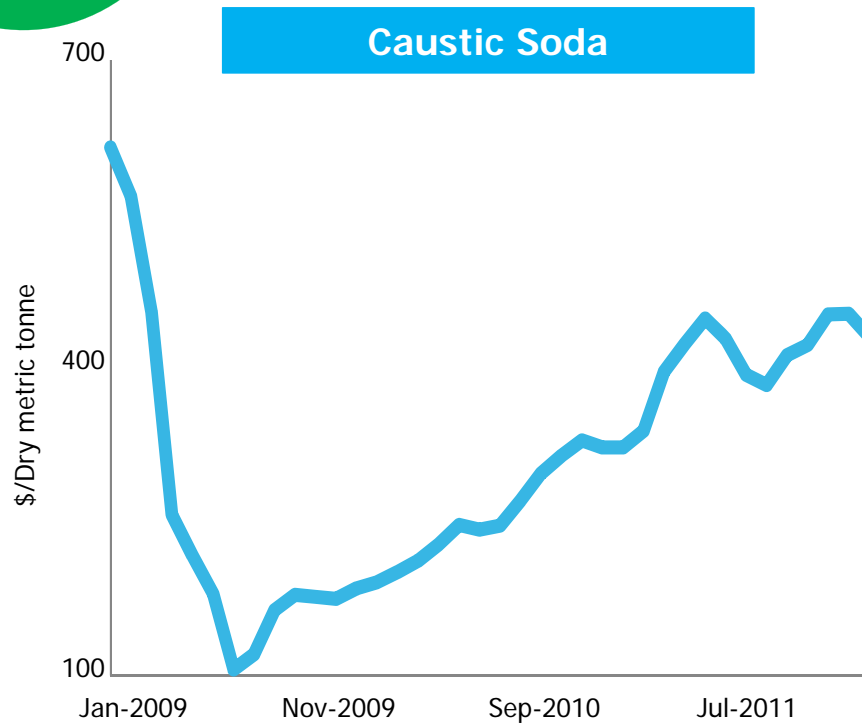
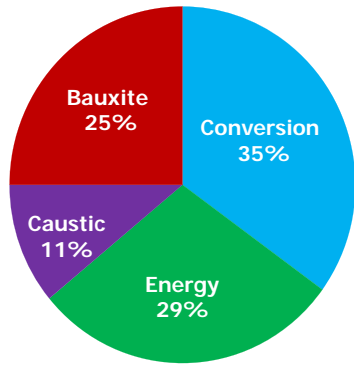
Brent Crude Spot



- Oil is used in refineries at Jamaica, Suriname and Spain
- 2011 average price was US\$110/bbl
- Chart illustrates market movements. Brent Crude was US\$125/bbl on 14 March 2012
- Costing is based on prior month spot, inventory reflects 1-2 months' price lag

Source: Bloomberg

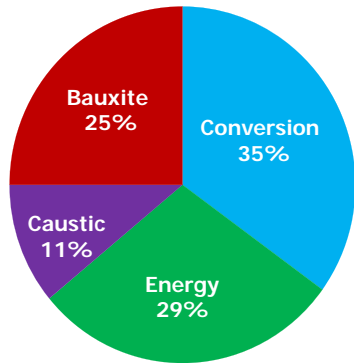
AWAC refining costs - caustic



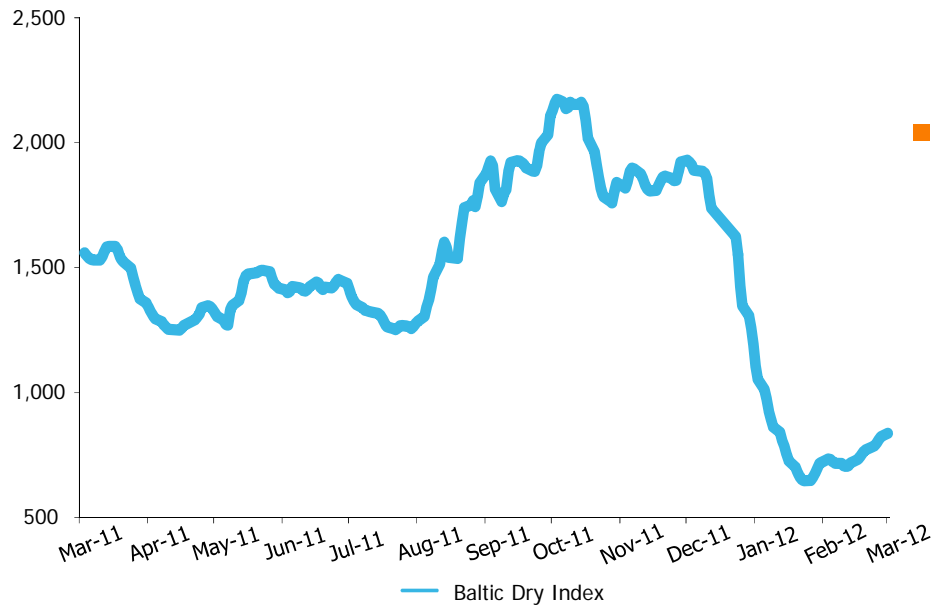
- CMAI average caustic prices approx \$395/t (2011) and \$450/t (2012 YTD). Chart illustrates average market prices
- Pricing convention is based on spot and semi-annual reviews
- AWAC inventory reflects 3-6 months' price lag
- AWAC purchases caustic soda from suppliers on negotiated terms and so costs may differ from prevailing market prices

Source: Chemical Market Associates, Inc.

AWAC refining costs - bauxite



Baltic Dry Index

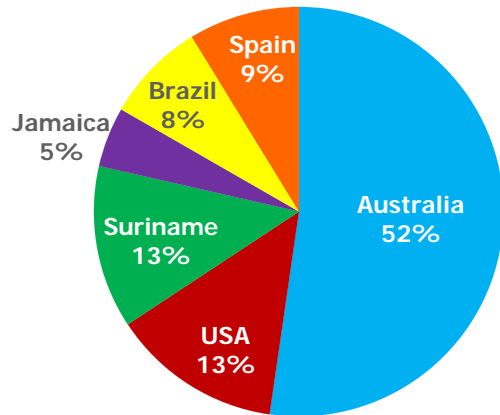


Source: Bloomberg

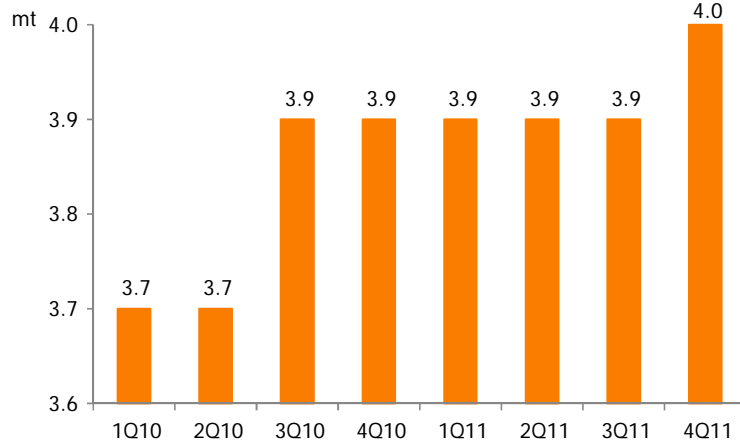
- AWAC generally mines its own bauxite located proximate to its refineries
- Seaborne bauxite relates to bauxite used at San Ciprian (Spain) and Point Comfort (US), which constitutes 22% of AWAC's nameplate capacity

Alumina production

Nameplate Capacity by Region



AWAC Quarterly Alumina Production



- AWAC nameplate capacity is 17.2m tonnes
- In Q4 2011, AWAC's annualised operating rate was 15.9 million tonnes, representing 92% of nameplate capacity
- Brazil refinery is operating at nameplate capacity
- AWAC will adjust production to meet demand