

Changes to AWAC Joint Venture agreements take effect.

Alumina Limited advises that the separation of Alcoa Inc. into Alcoa Corporation and Arconic Inc. was completed effective 1 November 2016, New York time. From 1 November 2016 Alcoa Corporation replaces Alcoa Inc as Alumina's joint venture partner in the Alcoa World Alumina and Chemicals (AWAC) joint venture.

The completion of the separation also triggers changes to the joint venture agreements which are intended to align more closely the partners' interests in AWAC, while establishing greater strategic flexibility and autonomy for both partners. A summary of the major changes to the joint venture agreements is attached.

Copies of publicly available relevant documents are available at www.aluminalimited.com



Stephen Foster
Company Secretary

2 November 2016

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Summary of Agreements

Following completion of Alcoa's separation transaction, the key terms of the Agreements are amended as follows:

Effective immediately

- **Improved alignment regarding AWAC joint venture governance.** The matters that require a super-majority vote (with an 80% voting threshold) by members of the Strategic Council will be expanded to cover acquisitions, divestitures, expansions and curtailments exceeding 2Mtpa bauxite or 0.5Mtpa alumina or which have a sale price, acquisition price, or project total capital cost of US\$50m or greater; implementation of related party transactions in excess of US\$50m; implementation of financial derivatives, hedges and other commodity price or interest rate protection mechanisms; and a decision to file for insolvency in respect of any AWAC company;
- **Enhanced debt funding and distribution policies.** The AWAC joint venture will pay a minimum quarterly distribution of 50% of the prior quarter's net profit of each company comprising the AWAC joint venture, instead of the current payment of an annual dividend equal to 30% of ATOI. Furthermore, any surplus cash (as defined in the Agreements) within certain of the AWAC companies will be distributed on a quarterly basis. The AWAC joint venture will also raise a limited amount of debt to fund growth projects within 12 months of it becoming permissible under Alcoa Corporation's revolving credit line, provided that the amount of debt does not trigger a credit rating downgrade for Alcoa Corporation.

Effective on a change of control

- **Future alumina off-take rights.** If at any time in the future there is a change of control of Alumina then, from a date nominated by Alumina, Alumina or its acquirer will be entitled to buy, subject to its 40% ownership cap:
 - its net short position (calculated as total consumption less total owned production per annum) of alumina at market price for its internal consumption; plus
 - up to 1Mtpa alumina off-take, (equal to approximately 7.5% of AWAC's current total annual production) at market prices, which it may market and sell as it sees fit;
 - in all cases subject to AWAC third party customer contracts being satisfied;
- **Future bauxite off-take rights.** If there is a change of control of Alumina at any time in the future then, from a date nominated by Alumina, Alumina or its acquirer will be entitled to buy, at market prices, up to its net short position of bauxite for internal consumption, subject to its 40% ownership cap;
- **Termination of exclusivity provisions and increased opportunity for development projects and expansions.** Immediately on and from a change of control of Alumina or Alcoa Corporation at any time in the future, the provisions of the AWAC joint venture agreements that require an acquirer of either company to sell into AWAC or divest any of its bauxite or alumina assets, will terminate. In addition, following a change of control of Alumina or Alcoa Corporation, AWAC will no longer be the exclusive vehicle for the bauxite and alumina operations of Alumina and Alcoa Corporation– if either Alumina or Alcoa Corporation wishes to expand an existing AWAC operation, develop a new project on AWAC tenements or pursue a project outside of AWAC, it is entitled to do so on a sole basis after providing 180 days for the other party to explore joint participation in the proposed project. A partner that avails itself of such an opportunity would pay for all costs related to the project, including for AWAC resources and shared facilities used, and would be entitled to all of the project's resulting off-take.