

### Alumina Limited CEO Succession

Alumina Limited (ASX:AWC) today advised that Mr Peter Wasow will retire as Chief Executive Officer and Managing Director of the Company on 31 May 2017. Mr Mike Ferraro, currently a Director of Alumina Limited, will succeed Mr Wasow as Chief Executive Officer.

Mike Ferraro has been a senior Melbourne based lawyer with experience in the commercial and resource sector and also worked as investment banker in Australia and London. Mike was also Chief Legal Counsel at BHP Billiton from January 2008 to mid 2010 where he was responsible for the global legal function of that company. As a non-executive director of Alumina Limited for three years Mike is well acquainted with the issues facing a Joint Venture company and has a comprehensive appreciation of Alumina Limited and its strategy.

Alumina Limited Chairman, John Pizzey, commented, "Peter joined the Company as a non-executive director in 2011 and became CEO at the start of 2014. In that time, both the Company and AWAC have undergone a significant transformation, significantly influenced by Peter's perseverance and efforts. The recent negotiations by the Company culminated in significant improvements to our participation rights in the AWAC joint venture in 2016. The Board and I would like to thank Peter for his leadership through this time". Mr Wasow will work with Mr Ferraro and the Chairman to ensure a smooth transition.

In welcoming Mr Ferraro to the role, Mr Pizzey said, "Following an extensive search we are very pleased that Mike Ferraro will be the next Chief Executive. The Company has undergone substantial restructuring and is well positioned for the future. Both Mike's professional experience and his time on the board will contribute to a seamless continuation of the Company's strategy. We welcome him to the role and look forward to his contribution".

"Alumina's assets are Tier 1 in quality. The Company now enjoys strategic options previously not available to it. I believe this is a great time to take on the CEO role", Mike Ferraro said.

Reflecting shareholder views on a non-operating company, the short term incentive has been replaced with equity with a 3 year lock and the long term incentive has been maintained, which aligns rewards to long term shareholder value. This further simplifies the CEO remuneration structure and provides for an increased proportion of equity reward.

Details of Mr Ferraro's remuneration along with the key terms of his employment are set out in the attachment to this announcement.



**Stephen Foster**  
Company Secretary

22 May 2017

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**Attachment A****MIKE FERRARO****SUMMARY OF KEY TERMS OF EMPLOYMENT CONTRACT****1. Appointment**

The appointment is to the position of Chief Executive Officer and Managing Director.

**2. Term**

The appointment commences on 1 June 2017, and does not have a fixed term.

**3. Duties**

The duties of Mr Ferraro are those expected of a Chief Executive Officer, reporting to the Chairman and accountable to the Board.

**4. Remuneration**

There are three (3) components of Mr Ferraro's remuneration. They are:

**(a) Fixed Annual Reward (FAR)**

Mr Ferraro will be paid a cash Fixed Annual Reward of one million, two hundred and seventy five thousand dollars (\$1,275,000) per annum, which includes Alumina's statutory superannuation obligations. The FAR will be reviewed annually, with the first review in December 2017.

**(b) Long Term Incentive (LTI)**

Mr Ferraro may be invited to participate in the Employee Share Plan (LTI Plan), which, in each year, may provide Performance Rights to receive \$450,000 in Alumina shares (as valued at the time of grant).

Under the LTI Plan, each Performance Right provides an entitlement to a fully paid ordinary share in Alumina, subject to performance hurdles being met over the vesting period under the LTI Plan (except in the case of early vesting upon a change of control event occurring or in other circumstances in accordance with the LTI Plan and the relevant terms of grant). Performance hurdles will be determined by the Board each year for the relevant grant.

The first grant of any Performance Rights to Mr Ferraro would be made in June 2017, subject to shareholder approval, which would be sought at the 2018 Annual General Meeting. This grant would be made on a pro-rata basis, based on an annual opportunity of \$450,000 in Alumina shares, as valued around the time of grant.

**(c) Annual Grant of Share Rights**

Each year during Mr Ferraro's employment, he will be granted conditional rights to receive \$400,000 in Alumina shares (as valued around the time of grant). The shares in respect of those conditional rights would be transferred after 12 months from the grant date, subject to earlier transfer upon a Change of Control event occurring. The relevant shares would be purchased on-market. While Mr Ferraro remains employed by Alumina, the shares received cannot be disposed of unless and until 3 years has elapsed from the date of the relevant grant of share rights.

## **5. Termination**

Mr Ferraro's employment may be terminated immediately for any conduct which would justify summary dismissal.

Mr Ferraro may resign at any time on giving twelve (12) months' written notice, and Alumina may terminate Mr Ferraro's employment on twelve (12) months' written notice. Alumina may, at its discretion, make a payment in lieu of some or all of the notice period. Any payment to be made to Mr Ferraro in lieu of notice shall be calculated based on his Fixed Annual Reward. He would also receive any statutory entitlements.

In addition to the above, Mr Ferraro may terminate his employment by giving notice to Alumina Limited (effectively immediately or up to six months later) in the event of a Significant Change (which is defined to be if Alumina ceases to be listed on the Australian Securities Exchange, or Mr Ferraro ceases to be the most senior Alumina executive or is required to move interstate or overseas for his position, or (except with Mr Ferraro's consent or as a result of a proposal initiated by him), there is a substantial diminution in his role and responsibilities or a material reduction in his status or delegated authority). In that case Mr Ferraro will be entitled to receive a payment equal to 12 months' Fixed Annual Reward less the amount received during any period of notice served. He will also be entitled to payment in lieu of accrued annual and long service leave entitlements.

The treatment of any unvested Performance Rights upon termination of employment will be determined in accordance with the LTI Plan and the relevant terms of grant. Upon the occurrence of a change in control event all unvested Performance Rights shall immediately vest. Similarly any restricted Annual Grant of Share Rights will be freed from holding locks.

If Mr Ferraro's employment ceases within 3 years from the grant date of any conditional rights that have been granted to him in accordance with the annual grant of conditional rights, and the Board determines that his status is not that of a good leaver, any outstanding conditional rights, and any shares received in respect of conditional rights may be subject to immediate forfeiture.

The above termination entitlements are subject to any restrictions imposed by the Corporations Act.

## **6. Other Provisions**

Mr Ferraro's contract also contains provisions relating to confidentiality and limited non-compete arrangements.