To: The Manager
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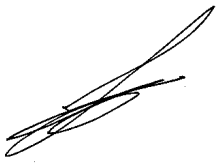
Company Announcements Office
Australian Securities Exchange

ALUMINA LIMITED

Public Announcement 2012 – 9AWC

Attached, in accordance with Listing Rule 3.17 is a copy of Alumina Limited's Annual Review 2011.



Stephen Foster
Company Secretary

29 March 2012

Alumina Limited

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ALUMINA LIMITED
ANNUAL REVIEW 2011


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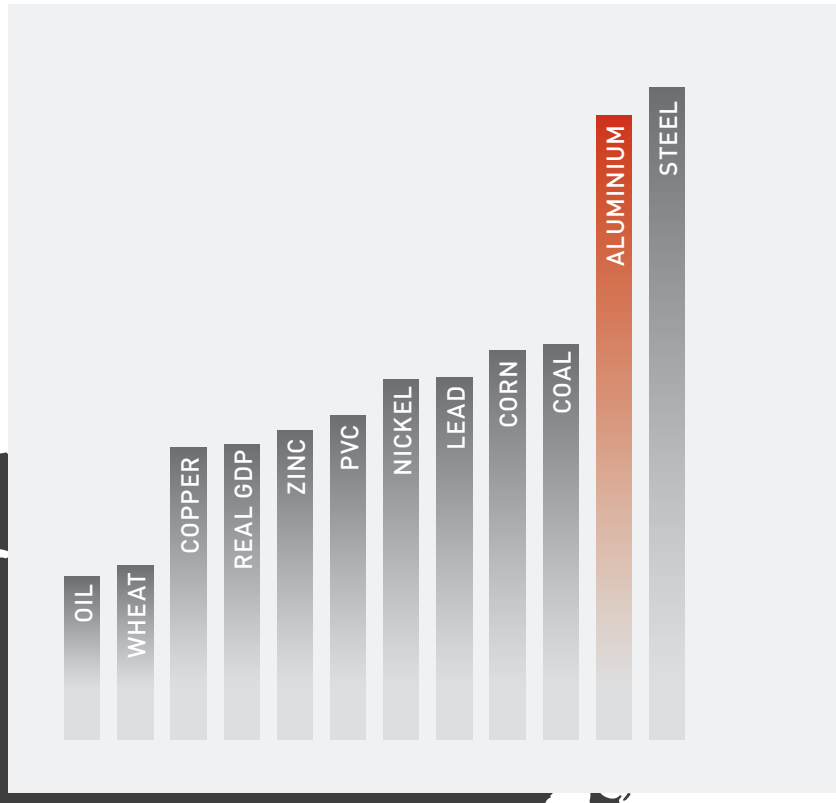
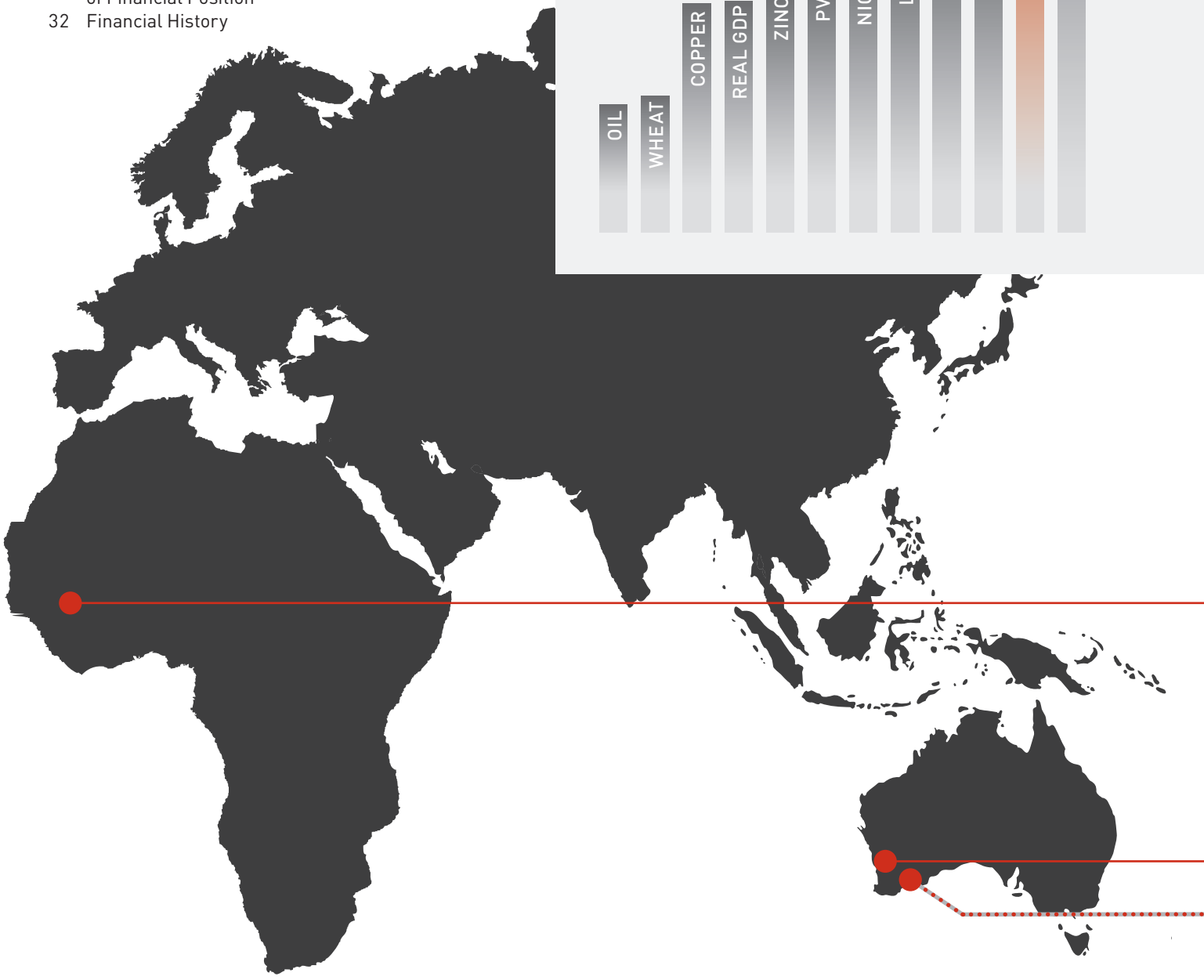
2011 GROWTH IN DEMAND FOR ALUMINIUM





THE INCREASING IMPORTANCE OF BAUXITE

Prior to recent years' proliferation of Chinese alumina refineries, a typical industry business model involved the establishment of alumina refineries close to long-life bauxite mines.

Due to increasing difficulty in gaining access to economically mineable deposits of bauxite and diminishing quality of existing deposits, increasing numbers of Chinese refineries are sourcing their bauxite by importing from other countries. The trend of alumina refineries importing bauxite to satisfy their production of alumina is expected to rise in future years. In 2011 China imported approximately 44 million tonnes, 50 per cent more than it imported in 2010 and 25 to 30 per cent of its total bauxite requirements.

Development of new bauxite mines has declined due to the increased cost of mine and infrastructure construction and the limited opportunities to access quality bauxite. Quality and accessibility of bauxite is a key determinant in the cost effectiveness of the industry.

AWAC has significant mining leases globally and currently mines directly or via interests in Australia, Brazil, Suriname, Jamaica and Guinea. In 2011 AWAC mined around 40 million tonnes of bauxite at its long-life mines.

Alumina Limited provides a unique opportunity for a pure investment in AWAC, the world's largest alumina and bauxite producer.

IN 2011 AWAC MINED APPROXIMATELY 40 MILLION TONNES OF BAUXITE.

THE MINING, REFINING, SMELTING & RECYCLING PROCESS

1

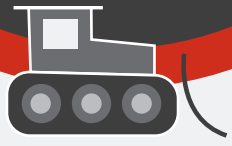
BAUXITE DEPOSITS

Aluminium is the third most abundant element in the earth's crust and constitutes 7.3% by mass. Aluminium ore, most commonly bauxite, occurs mainly in tropical and sub-tropical areas – Asia, Africa, West Indies, South America and Australia – with some deposits in Europe. Although plentiful, bauxite quality is diminishing, is often not readily accessible and it is becoming harder to gain approvals for expansions or new mines. AWAC is the world's largest bauxite miner. AWAC operates mines integrated with alumina refineries in Western Australia, Brazil, Jamaica and Suriname.

2

BAUXITE MINING

AWAC's bauxite deposits are generally extracted by open cut mining from strata, typically under a shallow covering of topsoil and vegetation. The topsoil is removed and stored for later use in mine site rehabilitation. Generally there is a layer of capstone that is removed to expose the bauxite ore which is extracted, broken up and transported to refineries for further processing. AWAC is well positioned with long-life mines. AWAC's Huntly mine is the world's largest bauxite mine, supplying bauxite ore to Pinjarra and Kwinana Refineries. The mine at Juruti Brazil adds to AWAC's long term capacity.



3

MINE REHABILITATION

Rehabilitation is one of the most important parts of the mining process. For both the Huntly and Willowdale mines in Western Australia, every year about 600 hectares of the mined areas are rehabilitated across the two sites, helping restore the forest ecosystem. AWAC has nursery operations that focus on the bauxite mines but it also provides seeds and plants for rehabilitation of the residue rehabilitation areas at refineries. In the Western Australian mines, AWAC has achieved 100 per cent of plant species richness in AWAC's rehabilitated mining areas, the first mining company in the world to achieve that goal.

6

SMELTING

AWAC supplies alumina to third party smelters around the world. Alumina is converted into aluminium by dissolving it in an electrolytic bath of molten cryolite (sodium aluminium fluoride) within a large carbon or graphite lined steel container known as a 'pot'. An electric current is passed through the electrolyte at low voltage, but very high current. Molten aluminium is deposited at the bottom of the pot and is siphoned off periodically. It can be blended to an alloy specification, cleaned and then generally cast. AWAC operates efficient smelting operations at Point Henry and Portland in Australia with a combined annual AWAC production capacity of 385,000 tonnes.

5

SHIPPING

AWAC owns and operates a shipping operation that uses bulk carriers to transport alumina to Alcoa smelters around the world for smelting into aluminium metal. AWAC's operations benefit from deep water port access enabling easy and cost effective loading and transportation of alumina. Third party smelters now represent 40 per cent of the global alumina market and this percentage is increasing.

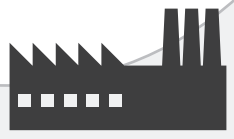
RECYCLING

First produced in 1888, aluminium has become the second most used metal in the world after iron. Nearly three-quarters of all aluminium ever made remains in use today, representing a growing 'energy and resource bank', and the metal can be recycled and reused repeatedly. Examples of areas where aluminium helps people and the economy to operate effectively and efficiently include air, road, rail and sea transport; food and medicine; packaging; construction; electronics and electricity transmission.

4

ALUMINA REFINING PROCESS

Alumina does not occur naturally but must be recovered from bauxite. Bauxite is washed, ground and dissolved in caustic soda (sodium hydroxide) at high pressure and temperature at an alumina refinery. Approximately two tonnes of alumina are required to produce one tonne of aluminium. AWAC is the world's largest alumina business operating 8 alumina refineries in Australia, Brazil, Jamaica, Spain, Suriname and the USA. AWAC is a low cost alumina producer with global alumina production capacity of 17.2 million tonnes per year. AWAC's joint venture with Ma'aden to build a 1.8 million mtpy alumina refinery in Saudi Arabia is expected to be completed in 2014.



AT A GLANCE

Profits improved in 2011 as aluminium and alumina prices increased and production reached a record. The initial conversion of some of the alumina pricing to an index/spot basis enabled margins to expand. However, conditions deteriorated towards the end of 2011 with significantly reduced aluminium and alumina prices and the Australian dollar remaining at high levels against the US dollar.

ALUMINA LIMITED RESULTS

Alumina limited's functional and presentation currency is now US dollars.

$127M

Net profit US$127 million (2010: net profit US$34.6m)

$174.5M

Share of AWAC underlying profit US$174.5 million (2010: US$86.6m)

4.1%

Return on Equity 4.1% (2010: 1.2%)

$128M

Underlying earnings of US$128 million (2010: US$37m)

14%

Gearing 14 per cent (2010: 10 per cent)

6 CENTS

Total dividend to shareholders of US$ 6 cents per share (2010: US$ 6 cents per share)

$232M

AWAC dividends of US$232 million received (2010: US$234m)

The underlying fundamentals for alumina remain positive. Growth in the demand for aluminium will be slower than last year, but is estimated to be 5 to 7 per cent above 2011 levels. AWAC remains low on the cost curve and has flexibility to adapt to these conditions. The medium term outlook for demand is positive.

Alumina Limited is well positioned to benefit from AWAC's market position with its long-life bauxite resources and over 17 million tonnes of alumina production capacity.

AWAC – A GLOBAL JOINT VENTURE

Alumina Limited is a leading Australian company listed on the Australian Securities Exchange (ASX) and the New York Stock Exchange (NYSE).

We invest worldwide in bauxite mining, alumina refining and selected aluminium smelting operations through our 40 per cent ownership of Alcoa World Alumina and Chemicals (AWAC), the world's largest alumina business.

Our partner, Alcoa, owns the remaining 60 per cent of AWAC, and is the manager. The AWAC joint venture was formed in 1994 and our relationship with Alcoa dates back to 1961.

AWAC RESULTS

$469.7M **AWAC net profit after tax US$469.7 million** (2010: US$335.3 million)

15.7M **Record alumina production of 15.7 million tonnes** (2010: 15.2 million)

$739M **AWAC cash from operations, US$739 million** (2010: US$724 million)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT 2011

The 2011 year was one of continued recovery from the falling demand and prices experienced in 2008 and 2009. Profitability and cash flow generation improved during the year as aluminium and alumina prices increased.

However, the European and United States debt concerns that gained prominence later in the year have recently impacted on prices and profitability. The Company enters 2012 facing challenging market conditions with lower prices and a weak US dollar.

For much of 2011, strong levels of demand for alumina meant improved pricing, with realised alumina prices up 22 per cent on the prior year. However, towards the end of 2011, the concern over government debt in Europe and the USA significantly reduced aluminium and alumina prices.

There were pressures on input costs throughout 2011. In addition, the Australian dollar remained strong during the year and, together with lower sales prices in the second half, saw reduced profits in late 2011.

Brazil was a highlight with the recently commissioned Juruti bauxite mine and expanded Alumar alumina refinery performing at or above design capacity in 2011, increasing production during the year. AWAC's alumina production in 2011 was a record 15.7 million tonnes.

BOARD

In November 2011 Mr Don Morley retired as Non-Executive Director and Chairman of Alumina Limited, a position he held and conducted since the formation of the Company in December 2002. Mr Morley exercised his considerable industry experience, financial skill and energy in leading the Board of Directors in pursuing and upholding shareholder interests, often in challenging global economic times. We acknowledge and thank Mr Morley for his considerable contribution to the Company.

The Board appointed Mr John Pizzey to succeed Mr Morley as Chairman of the Company. Mr Pizzey has been a Non-Executive Director with the Company since June 2007. Mr Peter Wasow joined the Board in August 2011 as a Non-Executive Director. The Board is delighted Mr Wasow has joined the Company.

ALUMINA LIMITED 2011 RESULT HIGHLIGHTS

In 2011 Alumina Limited made a profit of US$126.6 million (2010: US$34.6 million).

Alumina received US$232 million of fully franked dividends from AWAC, compared to US$234 million in 2010. Alumina Limited's cash receipts from operations primarily comprise the dividends received from the AWAC joint venture. Generally, the Board intends, on an annual basis, to distribute cash from operations after debt servicing and corporate cost commitments have been met. Dividends will be fully franked for the foreseeable future. When making this decision the Board considers the following:

- level of Alumina Limited's debt;
- capital needs of AWAC; and
- market outlook.

The Company declared dividends of six US cents per share for the 2011 year (six US cents in 2010), with the final dividend being three US cents per share.

Underlying earnings after tax was US$128 million (2010: US$36.7 million) (underlying earnings exclude non-cash revaluations of certain energy contracts and retirement benefit obligations which do not relate to operations during the current reporting period).

Corporate costs were US$17.3 million. Most of Alumina Limited's costs are incurred in Australian dollars. The translation of Australian dollar costs into US dollars has been impacted by the strength of the Australian dollar and this is a significant reason for the increase in corporate costs.

Funding costs declined to US$28.5 million from US$38.7 million in 2010 due largely to a decline in the costs of amortising the convertible bonds, which were redeemed during the year.

AWAC FINANCIAL PERFORMANCE

AWAC's 2011 net profit after tax was US$469.7 million (2010: US$335.3 million). Revenues increased over 22 per cent compared to 2010.

Price movements accounted for 90 per cent of the revenue increase with volume increase driving the remaining 10 per cent. This reflected both the transition to pricing third party smelter grade alumina sales with reference to alumina price indices, and the increase in aluminium prices over 2011, which flowed through to alumina contracts priced as a percentage of aluminium.

Operating margins were at $70 per tonne in 2011 an improvement of $23 per tonne on 2010. Higher realised prices offset the impact of the weaker US dollar and higher raw material and energy costs.

The average cash cost of alumina production increased by US$40 per tonne compared to 2010. The most significant influence on the increase in cash costs of production (approximately US$18 per tonne) was the weakness of the US dollar, compared to the Australian dollar and the Brazilian Reais. In addition, input costs such as energy, caustic soda and bauxite all rose.

AWAC produces aluminium at two smelters in Australia. The average aluminium price was higher than 2010 while the cost of production rose due to higher prices for alumina, energy, coke and pitch and the stronger Australian dollar. Restructuring costs and weaker markets in the second half of 2011 lowered the smelters performance relative to the first half, with operating losses incurred in the fourth quarter.

The 2011 AWAC profit pre-tax included several one-off items, including a US$43 million profit on the sale of Alcoa of Australia land assets, a US$14 million loss on smelter restructuring costs and a provision for remediation at the St Croix refinery, which is no longer operated by AWAC.

Cash from operations rose marginally over 2010, reflecting higher realised prices for alumina and aluminium offset by raw material cost increases and higher tax payments.

Capital expenditure totalled US$392 million, which was below expectations at the start of 2011 of approximately US$500 million.

Approximately US$300 million was associated with sustaining capital, with the majority of this in Australia. The Australian operations commenced expenditure on moving a mine crusher during 2011. The move of the mine crusher in Australia (an A$285 million project) will continue over 2012 and 2013.

ALUMINA MARKET

AWAC has recently been undertaking a major change to the pricing of its alumina sales. Approximately 20 per cent of AWAC's third party alumina sales in 2011 shifted to being sold at alumina price indices (API) or spot prices.

The API prices better reflect the alumina industry fundamentals. The pricing of alumina, until 2011, had largely been linked to aluminium pricing, and has ceased to reflect the operating and capital costs of the alumina industry. These emerging market driven indices are based on spot price transactions and should positively impact the revenue received by alumina producers as the linkage based contracts linked to aluminium prices expire and are replaced with an index based price.

The independent alumina pricing indices gained further acceptance in 2011. A number of alumina producers are now reporting entering into alumina contract pricing based on reported index prices. There has been an increasing acceptance by customers to move to an index price.

AWAC is continuing this change to its alumina sales pricing structure so that a greater proportion of sales are at API or spot prices. By the end of 2012, AWAC will sell approximately 40 per cent of alumina third party sales at API or spot prices.

API prices during the year exceeded those of historical contracts, where alumina is priced as a percentage of the aluminium price. The average API price for 2011 was US$375 per tonne. The API price peaked in 2011 at US$420 per tonne in April and finished the year at US$305 per tonne.

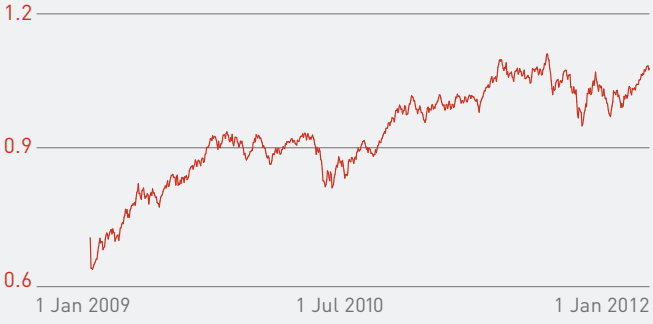
CAPITAL MANAGEMENT

Alumina Limited's net debt at 31 December 2011 was US$472 million compared with US$353 million at the start of 2011. Alumina Limited's gearing remains at 14.1 per cent.

During the year, US$168 million of convertible bonds were repurchased at face value, using existing bank facilities. The convertible bond is now fully repaid. Alumina Limited also replaced maturing bank facilities.

Excluding amortization of the debt facility from the Brazil National Development Bank, there are no debt maturities in 2012. At year end there was US$295 million in headroom on debt facilities.

AUD/USD EXCHANGE RATE



Source: Thomson Reuters

ALUMINIUM US CENTS/lb

Source: Thomson Reuters

AWAC GROWTH PROJECTS

For most of the year the Alumar alumina refinery in Brazil operated at its post 2.1 million metric tonne per year (mtpy) expansion nameplate capacity of 3.5 million mtpy, following the resolution of commissioning issues experienced in 2010. The 2.6 million mtpy Juruti bauxite mine has successfully been able to increase annual production above it's nameplate 2.6 million mtpy.

The Juruti bauxite deposit has a long mine life expectancy and provides strategic opportunities to further increase production.

AWAC is involved in a greenfield mine and a refinery growth project in Saudi Arabia which are currently under construction and is held in a joint venture between Ma'aden (74.9%) and AWAC (25.1%). The mine at Al Ba'itha (4 million mtpy) and refinery at Ras Al Khair (1.8 million mtpy) are due to come on stream in 2014. The refinery is expected to have access to low cost power and will be supplied bauxite from its own mine. The Ma'aden refinery investment will assist AWAC in maintaining its low cash cost position.

Alumina Limited is required to provide equity funding of US$140 million between 2010 and 2014. The mine and refinery will be project financed to the extent of approximately 60 per cent. In 2011 the Ma'aden Bauxite and Alumina Company signed a US$1 billion financing agreement with the Public Investment Fund and further financing agreements for the mine and refinery project totalling US$991.5 million with local and international banks and financial institutions. The refinery has been designed to facilitate growth through creep and expansion.

In the longer term, increased investment in bauxite mining and alumina refining will be necessary to supply strong demand from increasing non-integrated smelters in the Middle East, India and China. At recent alumina prices, there may be insufficient new alumina capacity built in the western world, given capital costs of US$1,500 to US$2,000 per tonne. This will put pressure on new investment that generally requires high levels of capital expenditure, added regulatory approvals and in many countries, increased royalties and taxes.

SUSTAINABILITY

Sustainability is at the heart of Alumina Limited's purpose to pursue long term shareholder value from our 40 per cent investment in AWAC, our global joint venture with operating partner, Alcoa.

Sustainability is a core business issue and a long term strategy in maintaining AWAC's competitive edge and safeguarding its licence to operate and grow. Irrespective of market highs and lows, our aim is for AWAC to remain sustainable on economic, social and environmental parameters. To this end, in 2011 we developed new governance structures in consultation with our partner in AWAC, Alcoa, to increase management reporting on sustainability performance against targets and key indicators.

Also in 2011 the AWA of Brazil SA Advisory Board was established, recognising the growing importance of the Brazilian operations to AWAC's future. We also developed a Global Reporting Initiative (GRI) based sustainability update to provide improved disclosure on Alumina Limited's and AWAC's sustainability practices. The update is available for viewing on the Company website.

CARBON EMISSIONS REDUCTION

In November 2011 the Australian Federal Government passed the Clean Energy Future legislation, enabling the implementation of a carbon tax from 2012.

Alumina Limited is currently awaiting final regulations to determine its specific implications for the Australian alumina and aluminium industries and the AWAC joint venture. Our focus is on the carbon tax's long term impact on the competitive position of these local industries, which are currently among the most efficient in the world, competing in a global marketplace, where other producers are largely not subject to a carbon price.


IN THE LONGER TERM, INCREASED INVESTMENT IN BAUXITE MINING AND ALUMINA REFINING WILL BE NECESSARY TO SUPPLY STRONG DEMAND FROM INCREASING NON-INTEGRATED SMELTERS IN THE MIDDLE EAST, INDIA AND CHINA.

CHANGES TO THE ALUMINA INDUSTRY

The bauxite, alumina and aluminium markets are experiencing significant change as China continues to increase its share of world production. The global alumina and aluminium industry is becoming less vertically integrated, with independent aluminium smelters becoming part of China's growth. The development of demand for aluminium in China has been such that it is 42 per cent of world demand. China's alumina industry is expanding significantly, partially relying on imported bauxite. The availability and cost of bauxite to China will be a key driver of world alumina markets.

The level of bauxite imported to China increased by 50 per cent in 2011, forming 25 per cent of its bauxite needs. The price of imported bauxite to China has been increasing as the higher levels of demand place strains on available supply.

AWAC is the world's largest bauxite miner, producing over 40 million tonnes per annum for its refineries. The recent development of the greenfield bauxite mine in Brazil by AWAC offers strategic opportunities for that deposit.

Operating margins in the alumina industry have been reduced in recent years due to US dollar revenues that have historically been linked to metal not rising sufficiently to offset increases in basic inputs such as cost of labour, energy, caustic soda and freight. The weaker US dollar has increased operating costs incurred in the local currency of refineries. Also, commodity prices, such as oil, caustic soda, and freight, have increased significantly, partly driven by China's demand. We believe the changes to the structure of alumina pricing should address this impact of higher costs on operating margins.

OUTLOOK

ALUMINIUM

In the past ten years, aluminium demand has outgrown all metals except steel and by a considerable amount.

The medium term view of commodity demand remains positive for aluminium. Despite this, rising costs and a slight supply deficit, aluminium prices fell in the second half of 2011, largely due to poor market sentiment and unprecedented speculative selling.

The supply side of the industry is being seriously affected by negative economics and disruptions, not demand contraction. In 2011, the global aluminium market experienced a small deficit. Overall stocks of aluminium have remained reasonably stable. Global demand for aluminium is to continue to grow by between 5 per cent to 7 per cent in 2012.

The current global economic conditions that are impacting the aluminium industry have led to curtailment of aluminium production at higher cost aluminium smelters. In January 2012 Alcoa initiated curtailments at three European smelters and two US smelters that will reduce its global smelting capacity by 12 per cent (531,000 tonnes). In February 2012, it was announced that a review of the future viability of AWAC's Point Henry aluminium smelter in Geelong will be conducted in the first half of 2012. The Point Henry smelter with a capacity of 190,000 tonnes per annum is currently unprofitable due to a combination of low metal prices, a high Australian dollar and input costs which has prompted the review. The goal is continued profitable operation of the smelter however curtailment is a possible outcome.

ALUMINA

The global alumina market was balanced in 2011 and is likely to be balanced in 2012. However, as alumina prices have been low for an extended period, it appears likely that some of the alumina production at the high end of the cost curve will be curtailed in the near term. Beyond 2012, much of the announced alumina additional capacity to meet demand is planned to come from India. Projects in India have been delayed and the market could tighten if India's expansions projects continue to be delayed. There could also be delays to expansions in Brazil and Guinea. Considerable expansion is forecast to come on in China, although the operating cash costs in China are expected to increase due to worsening quality of domestic bauxite and a higher percentage of imported bauxite. Outside of China and India, demand for alumina is expected to grow strongly in the Middle East over the next five years. AWAC is well placed, as a low cost alumina producer, to benefit from improvements in market demand and prices.

AWAC cash costs per tonne of alumina production are expected to increase from 2011, with increases in the cost of fuel oil and caustic. Productivity gains are expected which will offset some of these increases.

IN SUMMARY

The Company's 2011 result was a step forward towards an improvement in returns after previous disappointing results.

The structure of the alumina industry is undergoing substantial change. The short term outlook for AWAC is for the combination of a weaker US dollar and lower sales prices to place pressure on operating margins.

The aluminium and alumina industry is moving into uncertain times in 2012 with global macro-economic conditions remaining weak, especially in Europe. Pricing for aluminium has recovered marginally from its low point, however remains subdued. The weak aluminium price has resulted in a number of announced production curtailments with many smelters running at a cash loss. The current weak price and high Australian dollar has led to a review of AWAC's Point Henry aluminium smelter located at Geelong, Australia.

China is expected to continue growing, both in terms of demand and supply, supporting alumina prices and strong demand for imported bauxite. The continuing move to utilise alumina price indices and the transitioning from an aluminium linked percentage price for alumina to an index based price is important to future returns for the Company.

We thank our employees for their contribution and commitment to achieving our objectives.

JOHN PIZZEY
Chairman

JOHN BEVAN
Chief Executive Officer

SUSTAINABILITY AND ALUMINA LIMITED

Alumina Limited understands the fundamental link between long-term profitability and the sustainability of AWAC's operating performance.

Decisions and actions we make today influence future economic, environmental and social outcomes, and determine long-term profitability and returns for our shareholders.

Sustainable development and growth is fundamental to AWAC, and we recognise our joint-venture partner, Alcoa, as a world leader in corporate sustainable development.

SUSTAINABILITY APPROACH

Alumina Limited's role is to support AWAC to achieve best practice in environment, safety, community and financial performance through strong, collaborative and informed governance.

We do this by:

- reviewing AWAC's long-term objectives and strategies with managing partner Alcoa;
- supporting the policies and practices that Alcoa implement in AWAC to ensure sustainable operations;
- reviewing reports of non-compliances on safety and health, environmental or labour grounds; and
- reviewing reports on the internal control environment.

Alumina Limited's Board uses this knowledge of AWAC's sustainability performance to assess potential risks and opportunities for shareholders. We use our own risk assessment processes, which are reviewed and updated through the Audit Committee.

SUSTAINABILITY CHALLENGES AND MATERIALITY

AWAC is the world's largest alumina business. With approximately 17 per cent of world alumina production capacity and employing over 7,000 people worldwide, AWAC has established or developing operations located in 8 countries.

AWAC is a resource intensive business that brings with it sustainability challenges.

While generating substantial economic and social benefits, we are mindful of the need to balance these activities with responsible environmental stewardship to minimise negative impacts on local environments and neighbouring communities. Major sustainability challenges for AWAC are:

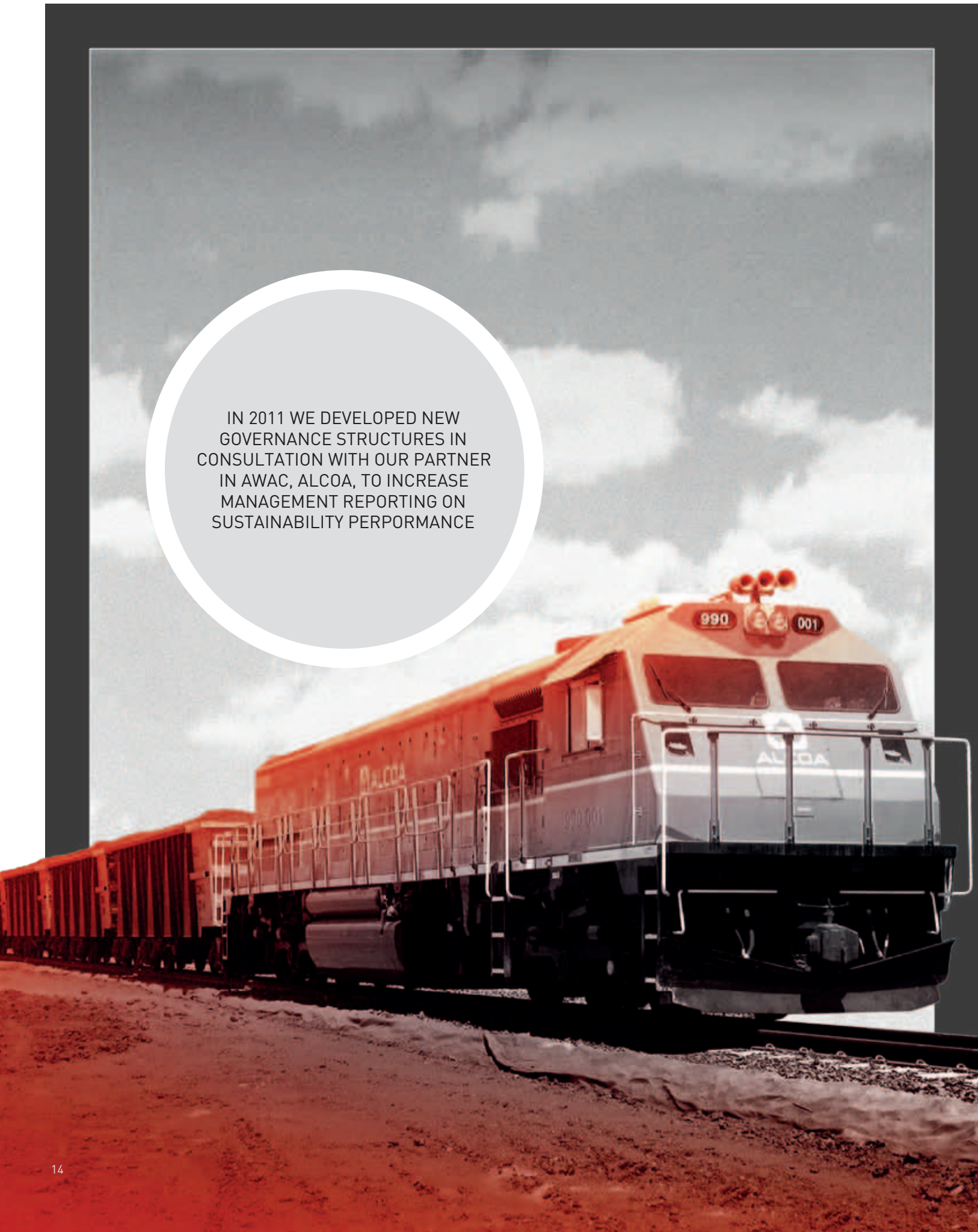
- clean energy sources for an energy intensive business in an increasingly carbon constrained world;
- bauxite residue and storages; and
- carbon emission reductions.

From a sustainability perspective, to determine what is important to Alumina Limited, its stakeholders and the AWAC joint venture Alumina's executive management conducted an internal assessment. As a result, the following matters were identified as key sustainability issues:

SUSTAINABLE DEVELOPMENT AND GROWTH IS FUNDAMENTAL TO AWAC, AND WE RECOGNISE OUR JOINT-VENTURE PARTNER, ALCOA, AS A WORLD LEADER IN CORPORATE SUSTAINABLE DEVELOPMENT.

AWAC AREAS OF KEY MATERIALITY	POTENTIAL IMPACT ON SUSTAINABILITY OF AWAC
Energy usage and security	Energy is an essential component in alumina and aluminium production. As both processes are energy intensive, it represents approximately 29 per cent of all alumina costs and 36 per cent of all aluminium costs. Energy efficiency is a key factor in sustainable business and environmental performance.
Emissions	Aluminium production is an energy intensive operation. The carbon footprint is significantly affected by the electricity energy provider. Greenhouse gas emissions (GHG) are the natural corollary to AWAC's energy intensive operations. High energy use results in high emission levels, especially when much of that energy is sourced from fossil fuel products such as fuel oil, coal and electricity generated from coal fired power stations.
Water management and security	Water is an essential raw material, used at every point of AWAC's mining, refining and smelting operations. Water scarcity has the potential to impact AWAC's costs, production volume and financial performance.
Land management and rehabilitation	Bauxite mining accounts for the majority of land that is disturbed as a result of AWAC's operations. AWAC is committed to minimising the disturbance of the original habitat. AWAC works closely with community and regulatory stakeholders to restore those lands affected to the most productive use possible, including, where feasible, re-establishing pre-operating conditions.
Waste	Alumina and aluminium processing creates waste products, the most significant being bauxite residue (approximately 1.5 tonne of residue results per tonne of alumina produced). Minimising waste through innovative processes and alternative uses for waste products are priorities that will reduce AWAC's environmental footprint.
Workforce health and safety	Managing safety in AWAC's complex mining and manufacturing environment requires strong systems as well as a focused safety culture committed to continuous improvement. As the operator, Alcoa has invested substantial intellectual, financial and system resources over several decades to understand the key drivers behind safety behaviour with the sole aim of eliminating fatalities and serious injuries from AWAC's operations.
Relationships with neighbouring local communities where AWAC conducts business	AWAC is a global enterprise that conducts business in diverse markets and different communities, each with their own values and customs. It is important that interactions are conducted in a way that respects local communities and human rights fostering positive long-term relationships for mutual benefit.

A vital element of Alumina Limited's sustainability endeavours are the governance structures and processes through which Alumina Limited contributes to AWAC's development.


IN 2011 WE DEVELOPED NEW GOVERNANCE STRUCTURES IN CONSULTATION WITH OUR PARTNER IN AWAC, ALCOA, TO INCREASE MANAGEMENT REPORTING ON SUSTAINABILITY PERPORMANCE
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ALCOA

SUSTAINABILITY GOVERNANCE FRAMEWORK

ALUMINA LIMITED

The Alumina Limited Board is the Company's ultimate governing body.

The Board has ratified Governance policies and practices developed and maintained by Alumina's senior management, directed at ensuring regulatory requirements are met and ethical standards maintained.

AWAC

AWAC has a clearly defined governance and management framework which relies on both informal and formal mechanisms.

Formal mechanisms include AWAC's formal governing body, the Strategic Council and the ancillary Boards of Alcoa of Australia Limited and AWA of Brazil SA Advisory Board. Alumina Limited has proportionate representation on those bodies.

Informal mechanisms include regular contact between Alumina Limited and Alcoa. This is the most effective and immediate way for the partners to govern the joint venture and its dynamic global environment. Senior managers and board members hold frequent face-to-face meetings and site visits to obtain sound operational understanding. These practices are supported through online communications.

During 2011, in recognition of the expanding operations and growing importance to AWAC's future, the Board visited Juruti in Brazil. Senior management also visited the Pinjarra alumina refinery and Huntly bauxite mine in Western Australia.

Also in 2011 Alumina Limited and Alcoa made significant governance implementations. Those governance developments included:

- Establishing the AWA of Brazil SA Advisory Board, recognising the growing importance of the Brazilian operations to AWAC's future as well as the complex nature of working in areas of high biodiversity with indigenous local communities; and
- Extending sustainability reporting at Strategic Council level to include more detailed reporting of AWAC site sustainability performance against targets and key indicators.

Those decisions acknowledged the changes within the AWAC enterprise as well as developments in the external environment.

CARBON TAX 2011

In November 2011 the Australian Federal Government passed the Clean Energy Future legislation, enabling the implementation of a carbon tax from 2012.

Alumina Limited is currently reviewing the legislation to determine its specific implications for the Australian alumina and aluminium industries and the AWAC joint venture. Alumina Limited is focusing on the carbon tax's long-term impact on the competitive position of these local industries, which are currently among the most efficient in the world, and compete in a global marketplace where other producers are largely not subject to a carbon price.

While we support an economy-wide response to the challenge of climate change that incentivises improvements, it is vital to preserve the international competitiveness of the Australian industry.

To read more on Alumina Limited's and AWAC's sustainability performance, please refer to the Sustainability Update on the Company's website:
http://aluminalimited.com/Sustainability/Update/2010/

BOARD OF DIRECTORS

ALUMINA LIMITED DIRECTORS IN OFFICE AS AT 31 DECEMBER 2011 WERE:

MR G JOHN PIZZEY – B.E (Chem), Dip. Mgt. FTSE FAICD

Independent Non-executive Director and Chairman

Mr Pizzey was appointed as a director of Alumina Limited on 8 June 2007. He is Chairman of Iluka Resources Ltd (appointed November 2005) and a director of Amcor Limited (September 2003) and a former director of St Vincent's Institute of Medical Research (appointed April 2004 and resigned December 2011). Mr Pizzey is a life governor of Ivanhoe Grammar School and a former chairman and director of the London Metal Exchange. He is a member of the Audit, Nomination and Compensation Committees and was Chair of the Audit Committee to 30 November 2011. Mr Pizzey brings extensive knowledge gained in over 33 years in the alumina and aluminium industry.

MR PETER A F HAY – LLB

Independent Non-executive Director

Mr Hay has been a director of Alumina Limited since 11 December 2002. He is Chairman of the Advisory Board of Lazard in Australia, and is a director of Australian and New Zealand Banking Group Limited (appointed November 2009), GUD Holdings Limited (appointed May 2009), NBN Co Limited (appointed August 2009) and Myer Holdings Limited (appointed February 2010). He is also a Director of Landcare Australia Limited and Epworth Foundation. He is a former Chief Executive Officer of the law firm Freehills. He is a member of the Audit Committee, and Nomination Committee and Chair of the Compensation Committee. Mr Hay brings to the Board considerable legal experience and advisory skills particularly in relation to public company takeovers, corporate governance matters and risk management.

MS EMMA STEIN – BSc (Physics) Hons, MBA, FAICD

Independent Non-executive Director

Ms Stein was appointed as a director of Alumina Limited on 3 February 2011. Ms Stein is currently Non-executive Director of Clough Limited (appointed July 2008), Non-executive Director for Diversified Utilities Energy Trust (appointed June 2004), Non-executive Director for Programmed Maintenance Group (appointed June 2010), Non-executive Director for Transpacific Industries Group Ltd (appointed August 2011) and Transfield Services Infrastructure Fund (appointed October 2010 and resigned as Non-executive Director in July 2011). Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. Before joining Gaz de France she was UK Divisional Managing Director for British Fuels.

Ms Stein is a member of the Audit Committee, Compensation Committee and Chair of the Nomination Committee since 3 March 2011. She has considerable experience with industrial customers, international energy and utilities markets and investments in long life assets and projects.

MR PETER C WASOW – BCom, GradDipMgmt, FCPA

Independent Non-executive Director

Mr Wasow was appointed as a director of Alumina Limited on 26 August 2011. He is a member of the Nomination Committee, Compensation Committee and Chair of the Audit Committee from 30 November 2011. He is also a former Non-executive Director of Murchison Metals Limited (appointed May 2011 and resigned February 2012). Mr Wasow served 8 years at major Australian oil and gas producer Santos Limited from 2002 to 2010. Initially appointed as Chief Financial Officer, he assumed the additional role of Executive Vice President from 2008.

Prior to joining Santos in 2002, Mr Wasow held several senior roles over a 23-year career at BHP including Vice President of Finance.

Mr Wasow brings to the Board extensive financial skills and experience in the resource and energy industries.

MR JOHN BEVAN – BCOM FAICD

Chief Executive Officer

Mr Bevan was appointed as an Executive Director and Chief Executive Officer on 16 June 2008. Mr Bevan joined Alumina Limited from BOC Group Plc where he most recently held the position of chief executive of Process Gas Solutions and was elected to the Board of Directors. He had a long career with the BOC Group Plc including a variety of management roles in Australia, Korea, Thailand and the UK before becoming chief executive of Asia in 2000. He was a director of BOC Plc in London from 2003–2007.

CORPORATE GOVERNANCE

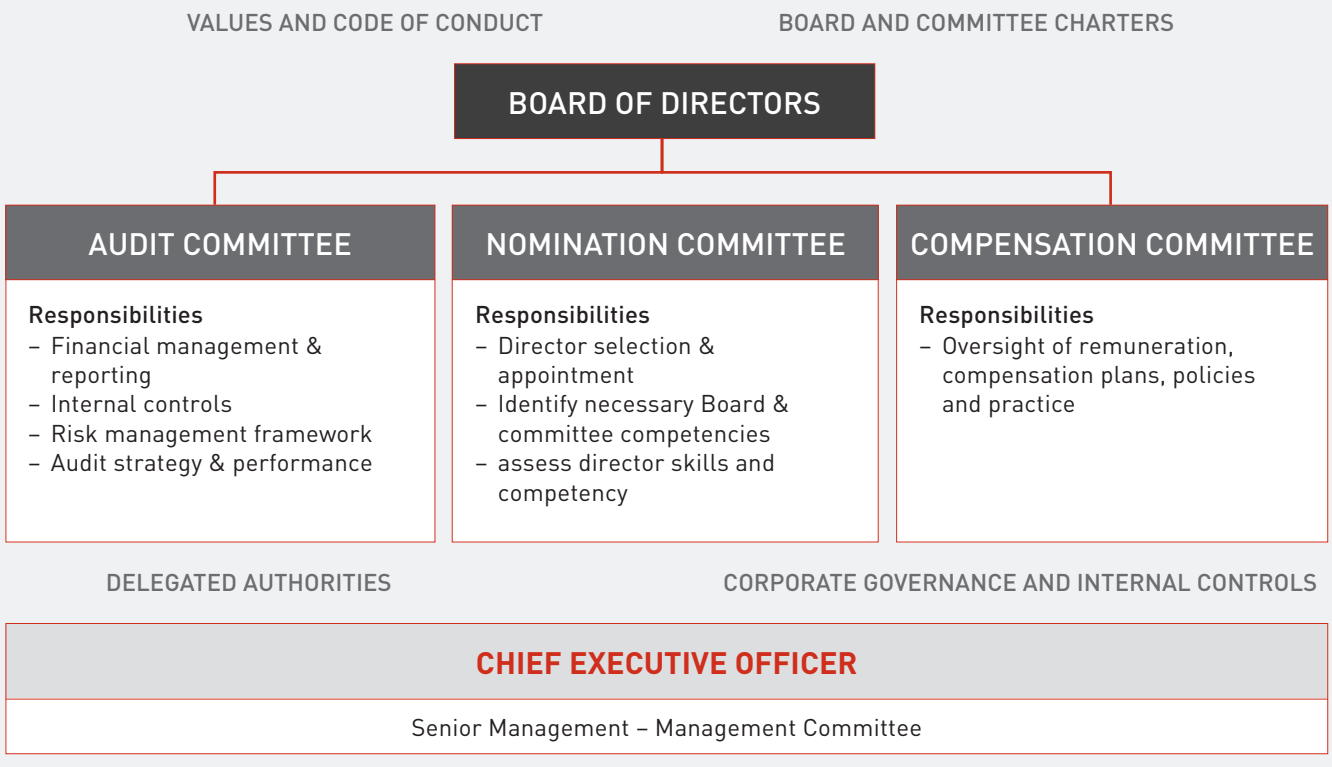
APPROACH TO CORPORATE GOVERNANCE

Alumina Limited's corporate governance approach is centred on:

- striving to apply best practice corporate governance policies, practices and disclosure;
- establishing clear lines of authority and delegation of responsibilities; and
- appropriate internal controls and accountability.

For more in-depth information on Alumina Limited's Board and Committee Charters and corporate governance policies and practices, please refer to the Company's website: *http://www.aluminalimited.com/governance/*

GOVERNANCE FRAMEWORK



Ultimate responsibility for the strategic direction of the Company and the discharge of the Company's responsibilities rests with the Board of Directors. The Board acts within the governance boundaries expressed in its Charter and also within the ethical boundaries of Alumina Limited's Code of Conduct and Values.

To assist in the oversight and monitoring of the Company's business activities and practices, the Board has established an:
- Audit Committee;
- Nomination Committee; and
- Compensation Committee.

Each Committee operates under its own Charter and consists wholly of independent directors.

Day-to-day management of the Company is delegated to the Chief Executive Officer and the senior management team via a range of delegated authorities and a system of governance and internal controls. Those systems are subject to scrutiny by independent internal and external auditors who report to the Board/Committees on the performance and integrity of those controls.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Alumina Limited is a listed company on the Australian Securities Exchange ("ASX") and the New York Stock Exchange ("NYSE"). Alumina Limited meets each of the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) and the NYSE compliance rules as they apply to foreign listed entities.

Since 2004, Alumina Limited's corporate governance practices have been consistently rated above those of the average overall global rating for all companies in the Industrial Metals Sector, as assessed by GovernanceMetrics International, an independent world leading corporate governance rating agency. In 2011, GovernanceMetrics International rated Alumina Limited's governance performance 8.5 out of 10 (the average rating of Australian companies was 6.65).

BOARD MEMBERSHIP

The Alumina Limited Board comprises four Non-executive Directors and an Executive Director – the Chief Executive Officer, Mr John Bevan. Board members at the date of this report are:
Mr John Pizzey (Chairman)
Mr Peter Hay
Ms Emma Stein
Mr Peter Wasow
Mr John Bevan (Chief Executive Officer)

During 2011, two longstanding Non-executive Directors retired and two new members were appointed.

On 30 November 2011, Mr Don Morley retired as Chairman and Non-executive Director after serving in that capacity for nine years. Mr John Pizzey succeeded Mr Morley as Chairman of the Board. Mr Pizzey subsequently relinquished his role as Chairman of the Audit Committee and Mr Peter Wasow, who joined the Board in August 2011, was appointed to that role on 30 November 2011.

On 3 February 2011, Ms Emma Stein joined the Board as a Non-executive Director.

On 3 March 2011, Mr Ron McNeilly retired as Non-executive Director and Chairman of the Compensation Committee after nine years of service. On 3 March 2011, Mr Peter Hay was appointed Chairman of the Compensation Committee and Ms Stein replaced Mr Hay as Chair of the Nomination Committee.

Mr Hay has completed nine years of service as a Director during 2011 and under the Nomination Committee Charter, Mr Hay was due to retire. Under the Nomination Committee Charter, Non-executive Directors retire after nine years of continuous service unless otherwise requested to continue by the Board. The Board has requested that Mr Hay continue as a Non-executive Director. To ensure continuity of knowledge, Mr Hay agreed to the Board's request to extend his service beyond nine years.

A brief biography of each Alumina Limited Director has and the period they have held office, is available on pages 16 and 17 of this report.

In 2009, Alumina Limited's shareholders approved the adoption of a new Constitution that, among other changes, requires that Directors (excluding the Chief Executive Officer) retire at the third annual general meeting since they were last elected or re-elected. A retiring Director seeking re-election is subject to an appraisal and recommendation by the Nomination Committee whether to support the Director's re-election. The Board reviews the Nomination Committee recommendation in determining whether to recommend that shareholders vote in favour of the re-election. Mr Wasow, who was appointed a Director by the Board on 26 August 2011, will stand for election at the 2012 Annual General Meeting in accordance with the Company's Constitution.

DIVERSITY

In 2010, Alumina Limited formalised its commitment to diversity in the workplace by approving its Diversity Policy. This policy applies to all Alumina Limited employees, including contractors and consultants acting on the Company's behalf, and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment and training as well as any other aspect of employment. Details of the policy are set out under the policies section of the Company's website: *http://www.aluminalimited.com/diversity-policy/*

The Diversity Policy includes a commitment to establishing measurable objectives for gender diversity. The objectives for 2011 were:

2011 OBJECTIVES	RESULT
To include in the Nomination Committee Charter responsibility for diversity, including an annual review and report on the relative proportion of women and men in the workforce at all levels of the Company	Complete
To engage consultants that support and promote the Company's diversity policy, including assisting to identify additional suitably qualified external female candidates	Complete
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity	Complete
To ensure that in the interview process for each executive position there is at least one appropriately qualified female candidate and at least one female on the interview panel	Complete
To consider diversity when reviewing board succession plans with the aim to improve gender representation and diversity	Complete

For most of 2011, women represented 36 per cent of all employees in Alumina Limited and 33 per cent of senior management. Ms Stein is the only female representative on the Board of Directors and the ratio of female to male is 20 per cent.

In 2011 the Board approved an additional diversity objective for 2012; it being a goal that the Company's Board of Directors include at least one female Non-executive Director.

BOARD COMMITTEES AND MEMBERSHIP

Each Committee functions under a specific charter and consists solely of the Board's Non-executive Directors. Committee membership and the record of attendance are detailed in the table on page 20 of the Company's 2011 Annual Report. It is Company policy that the Chairman of the Board does not Chair a Board Committee. In 2011, the Chairman of the Board, Mr Pizzey, and his predecessor, Mr Morley, did not chair any of the Board Committees. The Committee Charters are detailed in full on the Company website at: *http://www.aluminalimited.com/committee-charters*

CURRENT BOARD AND COMMITTEE MEMBERSHIP

BOARD
Mr John Pizzey (Chair)
Mr Peter Hay
Ms Emma Stein
Mr Peter Wasow

NOMINATION COMMITTEE
Ms Emma Stein (Chair)
Mr John Pizzey
Mr Peter Hay
Mr Peter Wasow

AUDIT COMMITTEE
Mr Peter Wasow (Chair)
Mr John Pizzey
Mr Peter Hay
Ms Emma Stein

COMPENSATION COMMITTEE
Mr Peter Hay (Chair)
Mr John Pizzey
Ms Emma Stein
Mr Peter Wasow

CORPORATE REPORTING AND RISK MANAGEMENT

The Chief Executive Officer and the Chief Financial Officer have made the following certifications to the Board:

In their opinion:

- Alumina Limited's financial records for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- the financial statements and the notes comply with the accounting standards; and
- the financial statements and the notes give a true and fair view, in accordance with section 297 of the *Corporations Act 2001*.
- the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Stanards Board.

The above certification is founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks.

AUDIT GOVERNANCE

EXTERNAL AUDIT

PricewaterhouseCoopers is Alumina Limited's external audit services provider. The Audit Committee is delegated responsibility for managing the relationship with the external auditor including their appointment, compensation and agreeing the scope and monitoring the performance and effectiveness of the annual internal and external audit plans and approval of non-audit related work. The Committee also reviews, at least annually, the assessment of the Company's exposure to business risks and the strategies in place for managing key risks, and to determine whether there is appropriate coverage in the internal audit plans. The external auditor reports to Alumina Limited's Audit Committee, which is responsible for agreeing the scope of the work performed by the auditor and monitoring its progress against plan.

All reports issued by the auditor to the Committee are prepared in accordance with Australian Accounting Standards. In accordance with the applicable provisions of the *Corporations Act 2001*, the external auditor provides an annual declaration of its independence to the Audit Committee. Alumina Limited's External Auditor Selection and Rotation Policy requires that the lead Partner involved in the external audit of the Company should not remain beyond five years. The term of the current Partner expires in 2012.

Further information on the relationship with the external auditor is covered in the Audit Committee Charter which is available on the Company's website.

NON-AUDIT SERVICES

Alumina Limited and PricewaterhouseCoopers have adopted the following policy in relation to any work undertaken by PricewaterhouseCoopers that does not directly relate to the audit of the Company's Australian or US statutory accounts:

- PricewaterhouseCoopers' services which have fees of up to $100,000 require the prior approval of the Audit Committee Chairman. Such approval shall include the scope of the services and the approximate amount of fees, and shall be reported to the next Audit Committee meeting;
- For PricewaterhouseCoopers' services of more than $100,000 and less than $250,000, the provision of such services requires the prior approval of the Audit Committee;
- For services of more than $250,000, unless PricewaterhouseCoopers' skills and experience are integral to the services (in which case the provision of such services requires the prior approval of the Audit Committee), the proposed services are to be put to competitive tender with the requirement for Chief Financial Officer, Chief Executive Officer and Audit Committee Chairman's approval of the inclusion of PricewaterhouseCoopers in the tender list. The awarding of a contract, following a competitive tender, to PricewaterhouseCoopers for the provision of these services also requires the prior approval of the Audit Committee.

Details of non-audit services are described in the Directors' Report on pages 26 and 27 of Alumina Limited's 2011 Annual Report which is available on the Company's website *www.aluminalimited.com/annual-report-2011*

INTERNAL AUDIT

Alumina Limited's internal audit function is conducted by independent accounting firm Deloitte Touche Tohmatsu. It is the internal auditor's role to act independent of management and external audit to evaluate whether the Company's processes and controls provide an effective risk management and control framework, and to report their findings to the Audit Committee. The internal auditor has open access to the Chairman of the Audit Committee. The Audit Committee approves the annual internal audit plan and reviews reports on internal audit findings at least annually.

MANAGING BUSINESS RISK

Alumina Limited's Risk Management Policy sets out the policies and procedures for covering risks such as those relating to markets, credit, price, operating, safety, health, environment, financial reporting and internal control. The Risk Management Policy has been adopted by the Board. Alumina Limited is exposed to risks, both indirectly through its investment in AWAC, and directly as a separately listed public company.

Alcoa, as manager of AWAC, has direct responsibility for managing the risks associated with the AWAC business. Alcoa utilises its policies and management systems to identify, manage and mitigate those risks. Alumina Limited reviews the management and mitigation of AWAC risks through its participation on the AWAC Strategic Council and the Boards of the key operating entities within AWAC.

Alumina Limited uses internal controls as well as risk management policies that are appropriate to its risks as an independent corporate entity. Alumina Limited has developed a Risk Management Framework that profiles a range of material business risks, both financial and non-financial in nature, which are potentially significant for the current operation and profitability and/or long-term value of the Company. Each material business risk identified has an explicit risk strategy and system of internal controls.

Alumina Limited's most significant commercial risk exposures are to alumina and aluminium prices, financing risks, foreign exchange risk, joint venture structure risks, and capital project risk.

Management has provided a report to the Alumina Limited Board on the effectiveness of Alumina Limited's management of its material business risks, and assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* (refer to Corporate Reporting on page 21) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A more detailed description of Alumina Limited's corporate governance controls and practices is available on the Company website or pages 10 to 23 of the 2011 Annual Report.

SENIOR MANAGEMENT

ALUMINA LIMITED DIRECTORS IN OFFICE AS AT 31 DECEMBER 2011 WERE:

MR JOHN BEVAN – BCOM FAICD

Chief Executive Officer

John Bevan has responsibility for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. He had a long career with the BOC Group Plc including a variety of management roles in Australia, Korea, Thailand and the UK before becoming chief executive of Asia in 2000. He was a director of BOC Plc in London from 2003–2007. Mr Bevan has strong commercial and operational experience gained through operating in joint ventures in many parts of the world, particularly Asia.

MR CHRIS THIRIS – BA (Acc) MBA

Chief Financial Officer

Chris Thiris joined Alumina Limited in September 2011 as Interim Chief Financial Officer and became Chief Financial Officer in December 2011. He is responsible for accounting, treasury, investor relations and taxation. Mr Thiris has extensive experience in finance and other management functions gained through senior roles he has held in Orchard Funds Limited and Coles Group Limited.

MR STEPHEN FOSTER – BCom LLB(Hons) GDipAppFin (Sec Inst) GradDip CSP ACIS

General Counsel & Company Secretary

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources. Mr Foster has a wide range of legal and commercial experience gained over 25 years, at Village Roadshow and WMC Limited.

REMUNERATION STRATEGY AND POLICY

Alumina Limited's remuneration strategy has an objective of attracting and retaining high calibre employees by providing benchmarked market competitive remuneration. It is also structured to align employee remuneration with specific and measurable individual and corporate objectives and targets that are linked to shareholder interests.

REMUNERATION GOVERNANCE AND PROCESS

The Compensation Committee (the Committee) of the Board is responsible for overseeing the development and implementation of the remuneration strategy and policy and considers that the remuneration policy and practices continue to meet the Company's overall remuneration objectives.

The remuneration objectives are structured to ensure that:

- shareholders' interests and employee interests are in alignment;
- the Company is able to attract, develop and retain high calibre personnel; and
- the integrity of the Company's reward program is maintained.

The Committee reviews the remuneration strategy and plans of the Company, compares the strategy and plans with community and industry standards and, where possible, verifies the appropriateness of the strategy and plans by reference to information and advice external to the Company.

The Committee met five times in 2011 (2010: six times), with senior executives attending certain meetings by invitation.

On an annual basis the Committee reviews the fixed and variable remuneration quantum for each executive to ensure remuneration remains competitive. In undertaking the annual review, the Committee benchmarks the remuneration of the executives against a group of companies which it considers reflects the size and complexity of Alumina Limited and is its competition for key executive talent. Alumina Limited holds a 40 per cent (non-operating) interest in AWAC, the world's largest alumina producer and is required in its business activities to consider the interests of the AWAC and its enterprise partners but has an overriding goal to create and protect value for its shareholders. Alumina Limited requires a small management team capable of acquiring a strong understanding of its strategic partner, the business, the industry and the market to influence AWAC decision making.

In determining each executive's remuneration, the Committee considers the median remuneration within the group and then positions current remuneration. During this process, the Committee takes into account:

- the requirements of the executive role;
- the executive's level of influence over Alumina Limited's performance;
- the geographic spread of the role;
- the skills and experience required and those of the executive; and
- the executive's individual performance,

including consideration of the similarities to and differences from other roles in the comparator group.

REMUNERATION CONSULTANTS

Where advice is obtained from a consultancy, the Committee will ensure appropriate independence and quality by:

- selecting the consultant;
- briefing the consultant;
- receiving the report directly from the consultant; and
- the consultant declaring that the remuneration recommendation is free from undue influence by the Key Management Personnel to whom it relates (from 1 July 2011).

Consultants regularly attend Committee meetings to deal with remuneration matters.

In 2011, the Committee took advice from Mercer Human Resources and Ernst & Young.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Alumina Limited aims to attract directors with appropriate skills and experience to ensure a high level of contribution and support for the Company's activities. Non-executive Directors' fees are reviewed annually and are determined based on comparative analysis and advice from remuneration consultants, and take into account the Directors' responsibilities and time spent on Company business.

Alumina Limited's Non-executive Directors receive a base fee for fulfilling their duties as Directors during 2011. In addition to the base fee, each Director, other than the Chairman, receives Committee fees of:

i. An aggregate total amount of $10,000 per annum for membership of Board Committees;
ii. $10,000 per annum for chairing Board Committees and $15,000 for chairing the Audit Committee.

The maximum remuneration for Non-executive Directors is determined by resolution of shareholders. The maximum aggregate remuneration approved for Non-executive Directors is $1,250,000 per annum. A total of $1,003,249 was paid in Non-executive Director fees in 2011. No performance-related remuneration is paid to Non-executive Directors, nor do they participate in the Employee Share Plan ("ESP").

During 2011, a review was undertaken by Ernst & Young of Non-executive Director fee levels of comparable companies.

The Company reviewed Non-executive Directors' fees and determined in the context of business conditions that there would be no increase for the 2012 year.

Non-executive Directors receive, in addition to their fees, a Superannuation Guarantee Contribution, which for 2011 was 9 per cent of their fees to a maximum of $15,477 for the Chairman and $15,250 for other Non-executive Directors. Non-executive Directors do not receive any other retirement benefits.

EXECUTIVE REMUNERATION – STRUCTURE

POLICY

Alumina Limited's remuneration policy is to establish a clear link between performance and remuneration. In doing so the Company is committed to ensuring that its remuneration process:

1. aligns executive and shareholder interests; and
2. recognises and rewards superior senior executive performance.

SENIOR EXECUTIVE REMUNERATION

The Chief Executive Officer, senior executives and professional employees all share the same remuneration structure:

– a fixed remuneration together with short-term and long-term incentive components.

The remuneration structure provides for specific and measurable individual objectives and targets for executives and employees that are consistent with business objectives.

The performance of individual senior executives against their objectives is assessed half yearly and yearly. The Committee also obtains independent remuneration information for comparative purposes. Salary reviews and short-term incentives ("STIs") are determined by assessing performance against both individual performance objectives and Company earnings per share, return on capital and cash generation targets. Long-term incentives ("LTIs") are assessed against the Company's total shareholder return ("TSR") compared with that of Australian and international peer group companies.

THE REMUNERATION STRUCTURE PROVIDES FOR SPECIFIC AND MEASURABLE INDIVIDUAL OBJECTIVES AND TARGETS FOR EXECUTIVES AND EMPLOYEES THAT ARE CONSISTENT WITH BUSINESS OBJECTIVES.

Key elements of Alumina Limited's remuneration structure are outlined in the following table:

ELEMENT	POLICY	SHAREHOLDER INTERESTS
Fixed remuneration – 'fixed annual reward' ("FAR")	– Fixed remuneration and superannuation contributions as specified in the executive's contract of employment – Reviewed annually against the market – Chief Executive Officer FAR reviewed and determined by the Committee – Senior executive FARs reviewed and recommended by the Chief Executive Officer and approved by the Committee	– Market positioned

Variable – Short-term Incentive ("STI")	– Included in contracts for executive and professional employees
	– 'At risk' remuneration which is contingent upon the satisfaction of the following:
	– 2 annual performance based tests
	  – Test 1 – corporate scorecard performance of financial and non financial objectives (50% of STI)
	  – Test 2 – performance against individual objectives (50% of STI)
	– The Board approaches the assessment of company and individual performance having consideration of a range of factors that impact final outcomes. Performance under the STI is therefore not determined with reference to a formulaic calculation
	– Policies defining variable incentives are established by the Committee and reviewed annually
	– Chief Executive Officer – STI up to 100% of FAR
	– Senior executives – STI up to 70% of FAR
	– 50% of any after tax STI award must be applied towards the purchase of Company shares which must be held for a minimum of at least 3 years (assuming continuing employment)
		– Incentive to achieve high individual performance
		– Individual objectives relate to promoting and protecting shareholder interests
		– Retained shares reinforce alignment with shareholders

Variable – Long-term Incentive ("LTI")	– Potential offer (at the Board's discretion) of a conditional entitlement under the Alumina Employee Share Plan to fully paid ordinary shares in the Company (Performance Rights), with the shares being purchased on market – Vesting dependent on results of performance testing – Performance hurdles measure Alumina Limited's Total Shareholder Return ("TSR") relative to comparator companies in the ASX 100 (50% of Offer) and 30 international metals and mining entities (50% of Offer) – Performance Right testing period of 3 years – Testing independently conducted in accordance with a standard methodology – Zero vesting below the median result of the comparator group – If less than 100% vests, a second and third test is conducted 6 months and 12 months (respectively) after the initial test – LTI component represents a maximum of 50% of FAR for the Chief Executive Officer and 40% for the Senior Executives	– Clear, comparative measure that most directly aligns with returns to shareholders – Linked to long-term business strategy – Promotes retention of staff

Superannuation	– Contributions funded at Superannuation Guarantee Contributions rate
	– Options available:
	  – Alumina Superannuation Fund, an accumulation fund, or
	  – Employee's fund of their choice
		– Market practice

REMUNERATION OUTCOMES FOR 2011

CHIEF EXECUTIVE OFFICER

In 2011, Mr Bevan received $1,100,000 in fixed remuneration as per his Contract of Employment and received $847,000 or 77 per cent of his potential short-term incentive payment. Also, in 2011 there was no vesting of Performance Rights applicable under Alumina Limited's Employee Share Plan (long-term incentive). Following approval at the 2011 Annual General Meeting, Mr Bevan was granted additional Performance Rights to acquire shares. However, the earliest date on which those Performance Rights can vest is at the expiry of the three year vesting period, in December 2013.

TERMS OF REMUNERATION

CHIEF EXECUTIVE OFFICER – JOHN BEVAN

Mr Bevan's FAR was $1,100,000 per annum as at 1 January 2011. Mr Bevan's FAR was increased by 4.25 per cent for the 2012 year. In 2011, Mr Bevan's maximum STI Award potential was up to 100 per cent of his FAR, and his LTI Performance Rights potential was up to 50 per cent of his FAR.

50 per cent of the STI is determined by reference to performance against individual objectives, and the remaining 50 per cent is determined by reference to corporate scorecard objectives, which include financial and non financial corporate objectives.

50 per cent of any STI payment is paid in cash, and the remaining 50 per cent of the STI payment, after tax, must be used to purchase Company shares, which must be held for three years, or until employment ceases.

Mr Bevan may be invited to participate in the ESP, which, in each year, may provide Performance Rights of up to 50% of FAR.

RETIREMENT AND TERMINATION BENEFITS

Mr Bevan's employment contract, which was entered into in April 2008, does not have a fixed term. Either party may terminate the contract upon giving 12 months' notice. The Company may make a payment in lieu of some or all of the 12-month notice period by payment of the fixed annual reward plus an amount equivalent to an STI payment at target performance, defined as 'base remuneration'. The base remuneration amount will be reduced pro rata to the extent the notice period is required to be served.

If Mr Bevan's employment is terminated on the basis of redundancy of the position or by Mr Bevan giving written notice to Alumina Limited in the event of a Significant Change (which is defined to be if Alumina Limited ceases to be listed on the Australian Securities Exchange, or if there is a significant change to Mr Bevan's status and/or responsibilities which is detrimental to him, or if Alumina Limited decides the position is no longer required and suitable alternative employment is not offered, or Mr Bevan does not accept other employment within Alumina or another employer), then Mr Bevan is entitled to:

- statutory annual leave and long service leave entitlements (with long service leave paid pro rata if there is three years or more continuous service);
- the aggregate of a notice payment of 12 months, a severance payment of 2.5 weeks per completed year of service, and an additional severance payment of 13 weeks.

A more detailed review of remuneration is included in the Remuneration Report in the Annual Report 2011 or on the company's website:
www.aluminalimited.com/annual-report-2011

REMUNERATION OVERVIEW

2011	SHORT-TERM $	POST-EMPLOYMENT $	SHARE BASED $	TERMINATION $	TOTAL $
NON-EXECUTIVE DIRECTORS[1]					
D M Morley[2]	334,946	14,173	–	–	349,119
G J Pizzey[3]	190,417	15,477	–	–	205,894
P A F Hay	170,000	15,250	–	–	185,250
R J McNeilly[4]	30,295	2,710	–	–	33,005
E R Stein[5]	153,971	13,831	–	–	167,802
P Wasow[6]	57,045	5,134	–	–	62,179
NON-EXECUTIVE TOTAL	**936,674**	**66,575**	–	–	**1,003,249**

2011	SHORT-TERM $	POST-EMPLOYMENT $	SHARE BASED[10] $	PAYMENT IN LIEU OF NOTICE (FAR AND STI) $	TOTAL $
EXECUTIVE DIRECTOR – CEO					
J Bevan	1,954,926	15,487	374,335	–	2,344,748
SENIOR EXECUTIVES[7]					
J S Downes[8]	722,263	11,543	–	530,634	1,264,440
C Thiris[9]	181,732	5,258	–	–	186,990
S C Foster	706,618	15,487	141,371	–	863,476
NON-EXECUTIVE TOTAL	**3,565,539**	**47,775**	**515,706**	**530,634**	**4,659,654**

[1] Directors' fees are fixed and relate to their participation on the Board. In 2011 the Directors received a separate fee for participation on a Board Committee and in recognition of the significant time devoted to Committee and the increasing responsibility of Chairing Committees, Directors received an additional payment as Chair of a Committee.

[2] Mr Morley retired as Chairman and Non-executive Director of Alumina Limited on 30 November 2011. Mr Morley did not receive a retirement benefit.

[3] Mr Pizzey assumed the role of Chairman of the Company on the retirement of Mr Morley. As a result, Mr Pizzy's annual remuneration from December 2011 increased to $360,000.

[4] Mr McNeilly retired as a Non-executive Director of the Company on 3 March 2011. Mr McNeilly did not receive a retirement benefit

[5] Ms Stein was appointed a Non-executive Director of the Company on 3 February 2011.

[6] Mr Wasow was appointed a Non-executive Director of the Company on 26 August 2011.

[7] Short-term includes cash bonuses for Mr Bevan ($847,000), Ms Downes ($235,976) and Mr Foster ($235,050)

[8] Ms. Judith Downes departed from the position of Chief Financial Officer on 24 August 2011. Under the terms of her contract of employment, Ms. Downes was entitled to receive a payment in lieu of six months' notice, being the fixed annual reward (A$340,150) and STI payment at target performance ($190,484), together with pro-rated STI payment from January to August 2011 ($253,976) and entitlements of unused annual leave ($22,700).

[9] Mr Thiris joined Alumina Limited as Interim Chief Financial Officer in September 2011 and was appointed Chief Financial Officer in December 2011. The long-term incentive (Employee Share Plan) was not applicable for his service in 2011.

[10] The value of Performance Rights is calculated in accordance with AASB2. On departure Ms Downes forfeited all unvested Performance Rights.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 DEC 2011 US$ MILLION	31 DEC 2010 US$ MILLION
CURRENT ASSETS		
Cash and cash equivalents	19.0	112.1
Derivative financial instruments	–	5.0
Receivables	0.2	0.2
Other assets	6.2	9.4
TOTAL CURRENT ASSETS	**25.4**	**126.7**
NON-CURRENT ASSETS		
Investments accounted for using the equity method	3,324.8	3,415.6
Property, plant and equipment	0.2	0.2
TOTAL NON-CURRENT ASSETS	**3,325.0**	**3,415.8**
TOTAL ASSETS	**3,350.4**	**3,542.5**
CURRENT LIABILITIES		
Payables	3.1	5.9
Interest-bearing liabilities	52.9	217.7
Derivative financial instruments	1.3	–
Provisions	0.2	0.2
Other	0.7	0.6
TOTAL CURRENT LIABILITIES	**58.2**	**224.4**
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	437.7	246.2
Provisions	0.5	0.4
TOTAL NON-CURRENT LIABILITIES	**438.2**	**246.6**
TOTAL LIABILITIES	**496.4**	**471.0**
NET ASSETS	**2,854.0**	**3,071.5**
EQUITY		
Contributed equity	2,154.1	2,154.1
Treasury shares	(1.5)	(1.5)
Reserves:		
– Group	(166.3)	4.3
– Associates	(2.5)	2.5
Retained profits:		
– Group	928.5	903.6
– Associates	(58.3)	8.5
TOTAL EQUITY	**2,854.0**	**3,071.5**

FINANCIAL HISTORY

ALUMINA LIMITED AND CONTROLLED ENTITIES

AS AT 31 DECEMBER 2011	2011 US$ MILLIONS	2010 US$ MILLIONS	2009[1] US$ MILLIONS	2008 A$ MILLIONS	2007 A$ MILLIONS
Revenue from continuing operations	**0.2**	1.4	4.4	3.5	2.6
Other income	**0.1**	2.1	11.5	0.4	0.2
Share of net profits of associates accounted for using the equity method	**173.1**	84.5	1.6	242.6	494.6
Finance costs	**(28.5)**	(38.7)	(31.0)	(48.8)	(45.7)
Change in fair value of derivatives	**–**	–	–	(7.9)	–
General and administrative expenses	**(17.3)**	(14.7)	(10.5)	(19.2)	(13.8)
Income tax credit/(expense) from continuing operations	**(1.0)**	–	0.3	(2.6)	(1.5)
Net profit attributable to owners of Alumina Limited	**126.6**	34.6	(23.7)	168.0	436.4
Non-operating non-cash items[2]	**1.4**	2.1	24.0	33.6	(30.8)
Underlying earnings[2]	**128.0**	36.7	0.3	201.6	405.6
Total assets	**3,350.4**	3,542.5	3,504.2	3,898.6	2,688.6
Total liabilities	**496.4**	471.0	585.9	1,105.8	1,024.7
Net assets	**2,854.0**	3,071.5	2,918.3	2,792.8	1,663.9
Shareholders' funds	**2,854.0**	3,071.5	2,918.3	2,792.8	1,663.9
Dividends declared	**170.8**	91.6	–	273.8	275.6
Dividends received from AWAC	**232.2**	234.4	135.6	356.0	444.9
STATISTICS					
Dividends declared per ordinary share	**US6c**	US6c	US1.8c	12c	24c
Dividend payout ratio (cash dividends)	**136%**	271%	–	163%	63%
Earnings per ordinary share	**5.2c**	1.4c	(1.1c)	11.3c	38.2c
Return on equity[3]	**4.1%**	1.2%	Negative 0.9%	8.5%	25.5%
Gearing (net debt to equity)	**14.1%**	10.0%	8.7%	27%	36%
Net tangible assets backing per share	**$1.05**	$1.14	$1.09	$1.71	$1.21

[1] Alumina Limited's functional and presentation currency is now US dollars. 2009 results have been restated to present them in US dollars. Prior years are disclosed in Australian dollars.

[2] Underlying earnings has been calculated by adjusting reported net profit amounts relating to non-cash entries which do not reflect the operations of the Company. These non-cash entries related to mark-to market valuations of AWAC embedded derivatives, and adjustments resulting from actuarial assessment of market value of assets held in AWAC employee benefit plans.

[3] Based on net profit attributable to members of Alumina Limited.

Some statements in this report 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; and (e) the other risk factors summarised in Alumina's Form 20-F for the year ended 31 December 2010.

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