

Alumina Limited 2017 Annual Review

Attached, in accordance with Listing Rule 3.17 is a copy of Alumina Limited's Annual Review 2017.



Stephen Foster
Company Secretary

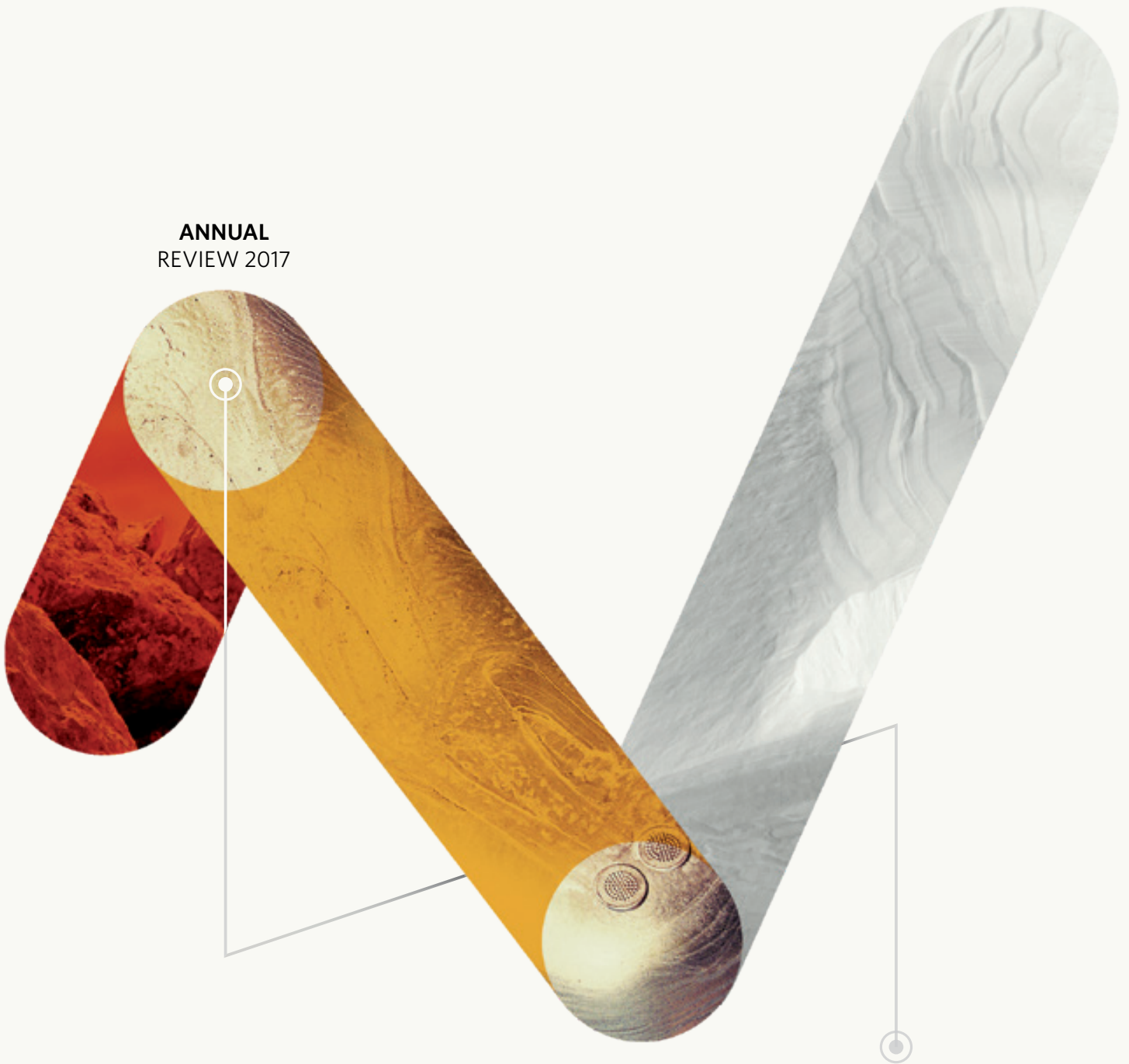
28 March 2018

ALUMINA
LIMITED

FUTURE

positive

ANNUAL
REVIEW 2017



AWAC, one of the
world's largest bauxite and
alumina producers.

*The quality of Alumina Limited's
assets and improved markets
delivered outstanding returns
for shareholders in 2017.*

ALUMINA
LIMITED



*Structural reforms within China
signal a new phase for global bauxite
and alumina markets.*



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About Alumina Limited

Alumina Limited is a leading Australian company listed on the Australian Securities Exchange (ASX).

Alumina Limited is the 40 per cent partner in the Alcoa World Alumina and Chemicals (AWAC) joint venture whose assets comprise globally leading bauxite mines and alumina refineries in Australia, Brazil, Spain, Saudi Arabia and Guinea. AWAC also has a 55 per cent interest in the Portland aluminium smelter in Victoria, Australia.

AWAC's joint partner and operator is Alcoa Corporation. The AWAC joint venture was formed in 1994 and our relationship with Alcoa dates back to the early 1960's when Western Mining Corporation (now Alumina Limited) began to explore bauxite deposits and other resources in the Darling Ranges of Western Australia. Alcoa Inc. was invited to join the project to provide technology, aluminium expertise and finance.

Over the following years the venture grew to include refineries and smelter interests as the partners sought to take opportunities to expand the business. By 1990, WMC Limited's interests in Alcoa of Australia had grown through acquiring the interests of other minority participants, other than Alcoa.

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

WMC Limited (now Alumina Limited) and Alcoa Inc. combined their respective bauxite, alumina and alumina-based chemicals businesses and investments and some selected smelting operations to create Alcoa World Alumina and Chemicals (AWAC) in January 1995.



At a Glance

In 2017 Alumina Limited recorded a profit after tax of \$339.8 million compared to a net loss of \$30.2 million in 2016.

Improvements in realised alumina prices resulted in significantly improved operating performance by Alcoa World Alumina and Chemicals (AWAC).

Index pricing for alumina quickly translated more favourable market outcomes to Alumina Limited's bottom line.

AWAC's financial performance reflected the underlying strengths of its tier one assets, improvements in the quality of its asset portfolio and a new phase of policy-making in China.

ALUMINA LIMITED RESULTS (AAS)

\$339.8m

NET PROFIT AFTER TAX
US\$339.8 MILLION

(2016: NET LOSS AFTER TAX: US\$(30.2) MILLION)

\$343.1m

CASH RECEIPTS OF
US\$343.1 MILLION

(2016: CASH US\$232.8 MILLION)

13.5 US cents per share

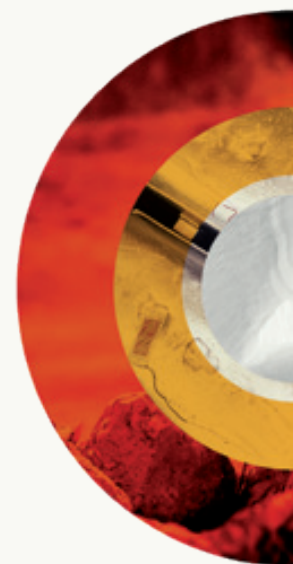
2017 DIVIDENDS OF
US13.5 CENTS PER SHARE

(2016: DIVIDEND: US6.0 CENTS PER SHARE)

\$58.4m

NET DEBT
US\$58.4 MILLION

(2016: US\$83.8 MILLION)



AWAC - a Global Business

In 2017 AWAC recorded a net profit after tax of \$901.3 million compared to a net profit after tax of \$49.0 million in 2016. AWAC's results were impacted by alumina price fundamentals. Also, the sea borne bauxite market saw third party bauxite sales increase to 6.6 million bone dry tonnes (BDT). AWAC's EBITDA, excluding significant items rose to \$1,685.3 million compared to \$757.2 million in 2016.

Cash from operations spurred by the higher alumina sales price increased to \$1,102.4 million up from negative \$26.2 million. The 2017 average realised alumina price was \$335 per tonne, a year on year improvement of \$93 per tonne (38%). With approximately 85% of shipments priced on spot or an index basis, AWAC was well positioned to capitalise on the steep upward price movement.

AWAC RESULTS (US GAAP)



\$901.3m

AWAC NET PROFIT AFTER TAX
US\$901.3 MILLION
(2016 NET PROFIT AFTER TAX: US\$49.0 MILLION)

\$1,102.4m

AWAC CASH FROM OPERATIONS
US\$1,102.4 MILLION
(2016: US\$(26.2) MILLION)

US\$335/tonne

REALISED ALUMINA PRICE OF
US\$335 PER TONNE
(2016: US\$242 PER TONNE)

US\$1,685.3m

AWAC EBITDA EXCLUDING SIGNIFICANT ITEMS
US\$1,685.3 MILLION
(2016: US\$757.2 MILLION)

Map of Operations

BAUXITE PRODUCTION (million BDT#)

Huntly & Willowdale	33.2
Juruti	5.6
MRN*	1.4
CBG*	3.2

* AWAC equity share of production. MRN - Mineração Rio do Norte S.A.; CBG - Compagnie des Bauxites de Guinée are non-AWAC operated mines

Bone dry tonnes (BDT): Tonnes are reported on a zero moisture basis, "bone dry".

The Ma'aden joint venture mine is not included

ALUMINA PRODUCTION (thousand tonnes)

Western Australia Operations	
- Pinjarra	4,581
- Wagerup	2,738
- Kwinana	2,069
Alumar	1,477
San Ciprian	1,588

Production of AWAC's operated refineries. Therefore, the Ma'aden Joint venture is not included.





Chairman and CEO Report

2017 was an outstanding year for Alumina Limited. AWAC's tier one assets can withstand the low points of the cycle and generate excellent returns when markets are favourable.

In 2017, the alumina industry experienced potentially far reaching changes. New Chinese Government pollution reduction and efficiency policies and improved global market fundamentals saw a 38 per cent increase in alumina prices compared with the 2016 average price. Better prices, together with improvements in the AWAC asset portfolio resulted in the Company's net profit increasing to \$340 million. Dividends to shareholders more than doubled to US13.5 cents per share.

CHANGING MARKETS

In 2017, the Chinese Central and Regional Governments introduced policies to reduce pollution by mandating significant curtailments including alumina, aluminium and carbon production in selected cities during the 2017/18 winter. These policies required the curtailment of 30 percent of China's alumina and aluminium production in the selected cities. There have also been a number of Chinese Government environmental audits in 2017 which have led to a reduction in bauxite and alumina production.

The Central Government also introduced supply side reforms in 2017 to reduce inefficient or obsolete capacity in aluminium and other industries. This has led initially to the curtailment of a significant volume of smelting capacity built without authorisation. A scheme has been introduced which allows companies to obtain replacement quotas authorising additional capacity. This is expected to add to Chinese smelting capacity coming online during 2018 and to restrict smelting growth beyond 2018-2019.

The alumina supply/demand balance outside China also tightened in the second half of 2017. Increased costs in producing alumina, improved aluminium prices and strong demand for alumina (including from Atlantic smelters), all contributed to a steep rise in alumina prices.

The alumina spot price increased from an average of \$318 per tonne for the first half of 2017, reaching a 2017 high of \$484 and averaging \$390 for the second half. Alumina prices have continued to trade strongly in early 2018.

OPERATIONAL HIGHLIGHTS

AWAC produced its best cash returns since 2007. AWAC's full year net profit after tax was US\$901 million. AWAC's realised alumina prices averaged \$335 per tonne in 2017 and it's position in the lowest quartile on the cost curve produced alumina margins of \$137 per tonne in 2017, compared with \$51 per tonne in 2016.

AWAC's high quality refineries at Pinjarra and Wagerup in Australia and Alumar, Brazil achieved production records in 2017. Total AWAC alumina production was 12.5 million mtpa in 2017.

AWAC's bauxite mines in Australia and Brazil also achieved production records for 2017.

AWAC's cost of alumina production increased to \$198 per tonne in 2017, a 3.7 percent increase year on year mainly driven by an increase in caustic soda prices – a key production input.

MR G JOHN PIZZEY



MR MIKE FERRARO

The ramping up of Ma'aden's Saudi Arabian bauxite mine and alumina refinery (in which AWAC holds a 25.1 per cent interest) continued during 2017. The Ma'aden refinery has recently operated at its full production capacity of 1.8 million mtpa. At full production it is expected to operate within the lowest quartile on a cash cost basis.

With higher alumina prices and margins in 2017, AWAC's cash from operations increased from \$26 million to \$1,102.4 million. Alumina Limited received a higher level of cash distributions of \$343m from AWAC. The changes to the AWAC Agreements on distributions agreed in September 2016 ensured that the benefits of strong cash flow were quickly distributed to Alumina Limited. This enabled payment of a final dividend of US9.3 cents per share, bringing the total declared dividend for the year to US13.5 cents per share. This is a substantial increase on the US6.0 cents per share for 2016.

ALUMINA LIMITED STRATEGY

The AWAC joint venture has existed for over 55 years, when Alumina Limited (then known as Western Mining Corporation) explored in the Darling Ranges in Western Australia and sought partners to develop bauxite. The business and its partners have seen many changes over that time. Alumina Limited's and its majority joint venture partner Alcoa re-negotiated the terms of the AWAC agreements in 2016 resulting in significantly better alignment on achieving the best outcomes for AWAC. Alcoa and Alumina are deeply focussed on achieving the best outcomes for AWAC.

New Chinese Government pollution reduction and efficiency policies and improved global market fundamentals saw a 38 per cent increase in alumina prices compared with the 2016 average price.

Alumina Limited's objective is to manage its joint venture interest to enhance the joint venture's value, whilst also protecting its shareholders' interests. The Company's strategy is to invest in long-life, low-cost bauxite mining and alumina refining operations through its 40 percent ownership of AWAC, one of the world's largest alumina and bauxite producers.

The expansion by China to constitute nearly 55 per cent of the world alumina industry has challenged the rest of the world industry and their returns.

AWAC's strategy in response has been to actively manage its asset portfolio, drive down its cost position, and achieve alumina pricing based on alumina market fundamentals. AWAC's long life and low cost bauxite mines and refineries in Western Australia, and joint venture investment in the Saudi Arabia refinery are clearly tier one assets. The quality of AWAC's core assets has enabled it to withstand challenging industry conditions.

AWAC's long life and low cost bauxite mines and refineries in Western Australia, and joint venture investment in the Saudi Arabia refinery are clearly tier one assets.

The capacity expansion within China over the last decade and resulting cost pressures on the existing industry nonetheless required AWAC to close, mothball or sell the least robust of its assets. The outcome was a substantial increase of the quality of the portfolio as a whole. The higher cost Kwinana and San Ciprian refineries were restructured and significantly improved.

The changes to the alumina and aluminium markets, particularly within China over the last 12 months are highly significant. They represent the first evidence of the impact from China reducing excess capacity and imposing stricter pollution controls. The permanence of these changes and impacts are still to be seen. However, AWAC is very well positioned, as a large, low cost producer, to benefit from these market changes.

GROWING AWAC

AWAC's bauxite mining business unit consolidated its position during 2017. AWAC supplied 6.6 million bone dry tonnes (BDT) to the third party bauxite market in 2017. The Juruti mine in Brazil has undergone two separate expansions from 2016, which will increase production capacity to 5.7 million mtpa during 2018. These expansions have been made at a very low capital investment by utilising existing infrastructure.

AWAC is also supplying bauxite from its Huntly mine in Western Australia to China. This is an important step forward in leveraging the existing resource and infrastructure

of the Western Australian bauxite operations. AWAC has committed to a capital project to provide increased bauxite export capability through Western Australia. The project includes bauxite unloading facilities, a new rail loop and a train unloading facility.

PORTLAND'S FUTURE

In 2017, Alcoa of Australia entered into a new 4 year power supply agreement, and arrangements with the Victorian and Australian Governments for the restart of the Portland smelter. Power prices paid by the smelter are very high compared to its Western World competitors.

Portland's future is secured only for the medium term.



Portland's future is secured only for the medium term. The supply of affordable energy in Eastern Australia is of significant national interest. AWAC is exploring long term, reliable and competitively-priced energy solutions for the Portland smelter. However, Eastern Australia's energy competitiveness has deteriorated significantly in recent years. There is an enormous challenge for energy intensive users such as Portland to plan and operate competitively in that environment.

CAPITAL MANAGEMENT/SHAREHOLDER RETURNS

Alumina's dividend policy is that the Board intends on an annual basis to distribute cash from operations after debt servicing and corporate costs and capital commitments have been met. The Board will also consider the capital structure of Alumina Limited, the capital requirements for the AWAC business and market conditions.

Corporate costs for Alumina Limited in 2017 were lower at US\$13.6 million compared with 2016 when expenses were incurred to reach agreement on the Alcoa Inc Separation.

Alumina's debt is currently at low levels and gearing is 2.5 per cent. The Company's low debt levels enabled distributions from AWAC to be readily made to shareholders.

SUSTAINABILITY

The impact of AWAC operations extends beyond economic and financial outcomes and includes social and environmental matters relevant to the community. AWAC continues to be successful in developing strategies and utilising innovative new technologies to minimise environmental impacts. Strategic goals have been set for a variety of environmental impacts including emissions, energy, water, land and waste management.

A recent success has been the introduction of press filtration technology at the Kwinana alumina refinery in Western Australia that uses very large filters to extract water from bauxite residue. The water obtained via the process is recycled back into the refinery process. Application of this technology has deferred the need to construct another 30-hectare residue storage area for at least 20 years compared to every five years previously. This technology reduces freshwater use by 1.2 gigalitres per annum and, importantly, contributes to directly reducing the footprint of the residue storage areas, reduces dust emission, returns process material immediately back to the refinery for use and reduces capital investment and operating costs. This technology will now be applied at the Pinjarra refinery.

GOVERNANCE

The Remuneration Report reviews the Company's remuneration strategy, policy and outcomes. The Company's 2017 Remuneration Report provides full details of the personal and corporate objectives of senior executives and an assessment of performance against those objectives.

The Company reports its governance practices consistent with the 3rd Edition of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council. Alumina's compliance with the Corporate Governance

Principles and Recommendations is defined in the Appendix 4G lodged with the ASX.

For Non-Executive Directors, fees had been unchanged since 1 January 2011 until 2017. In 2017, while base Non-Executive Director fees remain at \$150,000, fees for chairing Board Committees were increased in 2017 and the Chairman's fee was increased by 9 percent.

BOARD AND MANAGEMENT

In November 2017, John Pizzezy announced his decision to retire as Non-Executive Director and Chairman of Alumina Limited on 31 March 2018. He has been a Director of the Company since 2007 and Chairman since December 2011. Mr Pizzezy exercised his considerable industry experience and drive to lead the Company through a major transformation. We acknowledge and thank Mr Pizzezy for his outstanding contribution to the Company.

The Board appointed Peter Day to succeed Mr Pizzezy as Chairman of the Company. Mr Day has been a Non-Executive Director with the Company since January 2014.

Alumina Limited has continued its process of succession planning in 2017. Mr John Bevan and Ms Deborah O'Toole joined as directors and a new CEO was appointed. Mr Bevan was previously Chief Executive Officer of Alumina Limited from 2008 to 2013. Mr Bevan will bring a valuable understanding of the markets and the joint venture in which the Company operates. Ms O'Toole is a former Chief Financial Officer of MIM and Aurizon and brings extensive financial knowledge and expertise.

Particular thanks goes to Peter Wasow who retired as Chief Executive Officer in May 2017 after three and a half years in the role. Mr Wasow's leadership of the Company was integral to the substantive changes to the AWAC joint venture in 2016.

Mike Ferraro, who has been a Non-Executive Director of Alumina Limited since 2014, began as Chief Executive Officer on 1 June 2017. Mr Ferraro brings extensive skills and experience as a partner of Herbert Smith Freehills, a member of its global management committee and through his previous senior role in the resources industry with BHP Billiton.

OUTLOOK

Demand for alumina is expected to continue to grow in 2018, with smelter grade alumina production forecast to reach over 129 million tonnes globally, an annual increase of over 4%. Restoration of disrupted production and new smelting production is expected in China, India, USA, Oman, Australia and Bahrain. The Atlantic market alumina supply remains tight. However, extra alumina supply is coming online in Jamaica from a previously curtailed refinery and first alumina is expected from a new refinery in the UAE in the first half of 2019. The ABI Bécancour smelter in Canada has been partly curtailed related to industrial action and its annualised production may drop for some time, decreasing alumina demand in the Atlantic. The world's largest refinery in Brazil, Alunorte, may produce less alumina following an incident in February 2018. The announced imposition of tariffs on the import of primary aluminium into the USA, may lead to a greater likelihood of more restarts of curtailed US smelters which would increase demand for alumina in the USA. These matters may cause some fluctuations in 2018 in the alumina price. Otherwise alumina supply/demand is expected to remain reasonably balanced.

The full extent of the Chinese alumina and aluminium curtailments to combat pollution in heavily-populated areas in China will not be known until after the end of the Chinese winter heating season in March 2018. However, the cuts have been significant and because they appear to have had a positive impact on pollution they may be repeated, at least

in the winter of 2018/19. Furthermore, environmental audits of bauxite mines, alumina refineries and aluminium smelters are continuing in China and have led to recent curtailments due to non-compliance. Also, the environmental imperative to consume more gas than coal where possible has led to natural gas shortages in parts of China. This has impacted China's alumina production.

AWAC's portfolio is now even more concentrated on the most competitive assets in the global market.

Bauxite demand is expected to grow along with alumina demand. However, there is an ample current global supply of bauxite. Increases in production from Guinea are expected to continue and further supply from Indonesia and Malaysia is likely in 2018. This will ensure that bauxite remains well-supplied and prices are likely to remain flat in 2018. Guinea is expected to be the marginal supplier of bauxite to China in the near to mid-term at least. However, the Government's environmental focus in China is having an impact on bauxite production and the location of new refining capacity. This is likely to accelerate the increased demand for imported bauxite into China from the step-change expected around 2021 as Chinese domestic bauxite quality depletes.

CONCLUSION

The benefit of AWAC's tier one assets is not only can they withstand low points of the cycle, they generate excellent returns when markets are strong. This is precisely what we have seen this year. Following difficult years that required a succession of hard decisions, AWAC's portfolio is now even more concentrated on the most competitive assets in the global market. China has recognised some of the social costs of expansion. Its efforts to contain these costs have resulted in curtailments of supply, signalling a new and potentially more positive phase for bauxite, alumina and aluminium markets worldwide.

The Board thanks the employees of Alumina Limited for their work in 2017.


Mike Ferraro Chief Executive Officer
—


GJ Pizzey Chairman
—

Sustainability

'Future positive' well describes Alumina Limited's outlook for 2018. Our confidence extends from positive financial results for shareholders to our view on the impacts of AWAC's operations on the environment and on its protection for future generations. AWAC's focus on continuous improvement has resulted in better sustainability outcomes.

AWAC is a modern business in the sense that it is accountable to both its shareholders and to the broader society to which the business is a positive contributor. Alumina Limited is acutely aware that because the AWAC business operates as part of the community, its operating procedures and impacts must be responsible and acceptable. Alumina Limited understands that AWAC's environmental impacts are critical and that the community expects that the company will find an appropriate balance for its financial imperatives and its obligations to future generations through the sustainability of its activities.

AWAC's desired sustainability outcomes are incorporated into the heart of its business strategy, planning and processes. Targeted outcomes are derived from an assessment of how key material aspects of the business impact both the social and physical environment of its operations.

For the AWAC business the key material aspects cover:

- Energy
- Emissions
- Water management
- Waste management
- Land management
- Health and Safety
- Local communities
- Economic considerations.

AWAC takes into account what key stakeholders say about the key material aspects of its operations. One of the most important themes stakeholders raise is the need for AWAC to constantly improve the management of its processing residues. Managing bauxite residues and waste is a key environmental issue for AWAC and its local communities and it comes with significant financial impact. The company is pleased to report that process and storage improvements in residue management introduced in the year are indeed future positive.

At AWAC's Western Australia refineries, bauxite residue is produced at a rate of approximately two dry tonnes per tonne of alumina. The residue consists of coarse red sand (approximately 40%) and a fine silt fraction often referred to as red mud (approximately 60%). Bauxite residue has raised alkalinity due to the addition of caustic soda and lime in the refining process. It requires substantial storage areas. Typical storage areas consist of raised impoundments into which a thickened residue slurry is pumped progressively in layers to allow for solar drying. Successive layers are applied over the footprint of the storage area. An ongoing issue is the control of dust that is generated off surface residues. Management to minimise dust generation includes turning over the red mud, using sprinklers and water carts, spraying exposed banks with a dust suppressant, planting grasses or other vegetation and applying wood mulch.



Above: Kwinana alumina refinery – residue pressure filtration facility.

Residue management impacts.

- Site land management – particularly the utilisation of land to store the residue
- Water management – water consumed, alkaline recovery, process water management and dust suppression activities
- External environment – managing and containing alkaline material
- Local communities – mitigating dust impacts.

This year AWAC introduced an innovative pressure filtration system at the Kwinana refinery which produces a residue cake (70% solids) that can be stacked and does not require the construction of an impoundment. A similar system is being constructed at the Pinjarra refinery.

The application of this residue treatment technology at Pinjarra is expected to deliver multiple benefits including:

- Eliminating the need for new greenfield residue storage areas (RSAs) for at least 30 years
- Reduced environmental footprint for residue management and reduced sustaining capital investment compared to the current dry stacking process
- Significantly reducing the need to draw additional water to meet the processing requirements of the refinery by approximately 2 gigalitres per annum
- Significant reduction in capital expenditure.

AWAC takes into account what key stakeholders say about the key material aspects of its operations.

These are positive outcomes that see financial and sustainability benefits go hand in hand.

For a more comprehensive review of Alumina Limited's and AWAC's sustainability objectives, governance, processes and results, view the Sustainability Update on the Company web site at www.aluminalimited.com/sustainability-update-2016.

Board of Directors

BOARD OF DIRECTORS

The Company's Directors in office
as at 31 December 2017.



MR G JOHN PIZZEY

B.E (CHEM), DIP. MGT.,
FTSE, FAICD

**Independent Non-Executive
Director and Chairman**

Mr Pizzev was elected a Director of the Company on 8 June 2007. He is a Non-Executive Director of Orora Limited (appointed December 2013), Non-Executive Director and Chairman of Kidman Resources Limited (appointed January 2018) and former Non-Executive Director and Chairman of Iluka Resources Ltd (appointed November 2005 and resigned December 2013) and a former Non-Executive director of Amcor Limited (appointed September 2003 and resigned December 2013).

Mr Pizzev 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 and Risk Management Committee and of the Nomination and Compensation Committees and was Chair of the then Audit Committee to 30 November 2011. Mr Pizzev has extensive business experience including 33 years as an executive in the alumina and aluminium industries.



MS EMMA R STEIN

BSC (PHYSICS) HONS, MBA,
FAICD, HON FELLOW WSU

**Independent
Non-Executive Director**

Ms Stein was elected as a Director of the Company on 3 February 2011.

Ms Stein is currently a Non-Executive Director of Cleanaway Waste Management Limited (formerly known as Transpacific Industries Group Ltd (appointed August 2011)) and Infigen Energy Limited (appointed September 2017). She is a former Non-Executive Director of Programmed Maintenance Services Ltd (appointed June 2010 and resigned October 2017), Diversified Utilities Energy Trust (appointed June 2004 and resigned May 2017) and Clough Limited (appointed July 2008 and resigned December 2013).

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 Chair of the Compensation Committee (since 1 January 2014), current member and former Chair of the Audit and Risk Management Committee (Chair from 28 November 2013 to 31 December 2013) and current member and Chair of the Nomination Committee. As a senior executive, she gained considerable international experience in management and leadership, strategy development and implementation in global industrial, energy and utilities markets. She has over a decade of experience as a listed non-executive director and board committee chair for capital intensive companies spanning resources, oil and gas and related sectors.



MR CHEN ZENG

MIF

Non-Executive Director

Mr Zeng was appointed as a Director of the Company on 15 March 2013. He is a member of the Nomination, Compensation and Audit and Risk Management Committees (appointed 7 August 2014). Mr Zeng is also currently a director of CITIC Pacific Limited, Chief Executive Officer of CITIC Pacific Mining and Chief Executive Officer of CITIC Mining International, the holding company of CITIC Pacific Mining. He is a former director of CITIC Limited (listed on the Hong Kong Exchange), CITIC Dameng (listed on the Hong Kong Exchange), Macarthur Coal Limited (2007 to 2011) and Marathon Resources Limited (resigned 31 January 2014). Mr Zeng also served as a director on the Board of CITIC Group between 2010 and 2011.

Before joining CITIC Pacific Mining, Mr Zeng was the Vice Chairman and CEO of CITIC Resources, a CITIC Group controlled Hong Kong listed company focused on crude oil production, metal mining and refining, and commodity trading. Mr Zeng is also the Chairman of CITIC Australia. Mr Zeng has over 27 years of experience in project development, management, and a proven record in leading cross-cultural professionals in the resources sector. He has been working in Australia since 1994 and has extensive experience in various industries including aluminium smelting and coal mining.



MR W PETER DAY

LLB (HONS), MBA, FCA,
FCPA, FAICD

**Independent
Non-Executive Director**

Mr Day was appointed as a Director of the Company on 1 January 2014, and was appointed Deputy Chairman of the Board on 21 August 2017. He is a member of the Nomination and Compensation Committees and is Chair of the Audit and Risk Management Committee. Mr Day is also currently a Non-Executive Director of Ansell (appointed August 2007), Non-Executive Chairman of Australian Unity Office Fund (appointed September 2015), and a former director of: Boart Longyear (February 2014–September 2017), Federation Centres (October 2009–February 2014), Orbital Corporation (August 2007–February 2014) and SAI Global (August 2008–December 2016).

Mr Day brings extensive experience in the resource, finance and manufacturing sectors, having held a number of senior positions with Bonlac Foods, Rio Tinto, CRA, Comalco and the Australian Securities and Investments Commission. He is a former CFO of Amcor Limited. He also supports initiatives in disability services and mentoring.



MS DEBORAH O'TOOLE

LLB, MAICD

**Independent
Non Executive Director**

Ms O'Toole was appointed as a director on 1 December 2017. She has been appointed as a member of the Audit and Risk Management Committee, the Nomination Committee and the Compensation Committee. Ms O'Toole is a Non-Executive Director of Sims Metal Management Limited (appointed November 2014), the Asciano Rail Group of Companies operating as Pacific National Rail (appointed October 2016), Credit Union Australia Ltd (appointed March 2014) and the Wesley Research Institute (appointed March 2013). She is a former Non-Executive Director of Boart Longyear Limited (appointed 1 October 2014 and resigned September 2017), CSIRO, Norfolk Group, various companies in the MIM and Aurizon Groups and Government and private sector advisory boards. She has acted as Chairperson of the Audit Committees of CSIRO, Norfolk Group and Pacific Aluminium.

Ms O'Toole has extensive executive experience across a number of sectors including over 20 years in the mining industry and, more recently, in transport and logistics which included managerial, operational and financial roles. She has been Chief Financial Officer of three ASX listed companies: MIM Holdings Limited, Queensland Cotton Holdings Limited and, most recently, Aurizon Holdings Limited.



MR JOHN A BEVAN

BCom

**Independent
Non-Executive Director**

Mr Bevan was appointed Non-Executive Director on 1 January 2018. He has been appointed a member of the Audit and Risk Management Committee, the Compensation Committee and the Nomination Committee. Mr Bevan is currently a director and Chairman of BlueScope Steel Limited (appointed March 2014), a director and Deputy Chairman of Ansell (appointed August 2012) and a former director of Nuplex Industries Limited (September 2015–September 2016).

Mr Bevan was formerly the Chief Executive Officer and Executive Director of Alumina Limited (2008–2013). Prior to his 2008 appointment to Alumina Limited, he spent 29 years in the BOC Group Plc where he was a member of the Board of Directors and held a variety of senior management positions in Australia, Korea, Thailand, Singapore and the United Kingdom. Mr Bevan brings to the Board extensive commercial and operational experience gained through operating joint ventures in many parts of the world, particularly Asia.



MR MIKE FERRARO

LLB (HONS)

**Managing Director
and Chief Executive Officer**

Prior to his appointment as CEO and Managing Director Mr Ferraro was a Non-Executive Director of Alumina Limited from 5 February 2014 to 31 May 2017 and Partner, Client Development-Asia Pacific at Herbert Smith Freehills, a global law firm. He was also formerly head of the firm's Corporate Group and a member of its executive management team. Mr Ferraro is also currently a Non-Executive Director of Helloworld Travel Limited (appointed January 2017).

Between 2008 and 2010 Mr Ferraro was Chief Legal Counsel at BHP Billiton Ltd. Mr Ferraro has considerable experience in the resources sector and has over 35 years of experience in joint ventures, mergers and acquisitions, fund raising and regulatory issues across a wide range of sectors and countries. He also has considerable experience in the commercial and financing aspects of large transactions gained from a number of years in investment banking as a corporate adviser.

Executive Management

Alumina Limited's executive management team comprises:



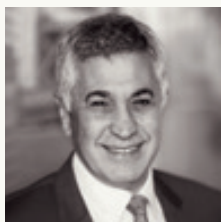
MIKE FERRARO

LLB (Hons)

Chief Executive Officer
(appointed effective
1 June 2017)

Prior to his appointment as CEO and Managing Director he was a Non-Executive Director of the Company from 5 February 2014 to 31 May 2017. He has responsibility for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. Immediately before his appointment as CEO, Mr Ferraro was Partner, Client Development-Asia Pacific at Herbert Smith Freehills - a global law firm, and was formerly head of the Corporate Group at the firm. He was also a member of their executive management team. Mr Ferraro is also currently a Non-Executive Director of Helloworld Travel Limited (appointed Jan 2017).

Between 2008 and 2010 Mr Ferraro was Chief Legal Counsel at BHP Billiton Ltd. Mr Ferraro has considerable experience in the resources sector and has over 35 years of experience in joint ventures, mergers and acquisitions, fund raising, and regulatory issues across a wide range of sectors and countries. He also has considerable experience in the commercial and financing aspects of large transactions gained from a number of years in investment banking as a corporate adviser.



CHRIS THIRIS

BA (Acc) MBA, CA, CFTP (Snr)

Chief Financial Officer

Chris Thiris joined Alumina Limited in September 2011 as Interim CFO and became CFO 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 at Orchard Funds Limited and Coles Group Limited.



STEPHEN FOSTER

BCom LLB (Hons) GDipAppFin
(Sec Inst) GradDip CSP, ACIS

**General Counsel
and Company Secretary**

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources. He has a wide range of legal and commercial experience gained over 30 years, at Village Roadshow and WMC Limited, after working with the legal firm of Arthur Robinson & Hedderwicks (now Allens).

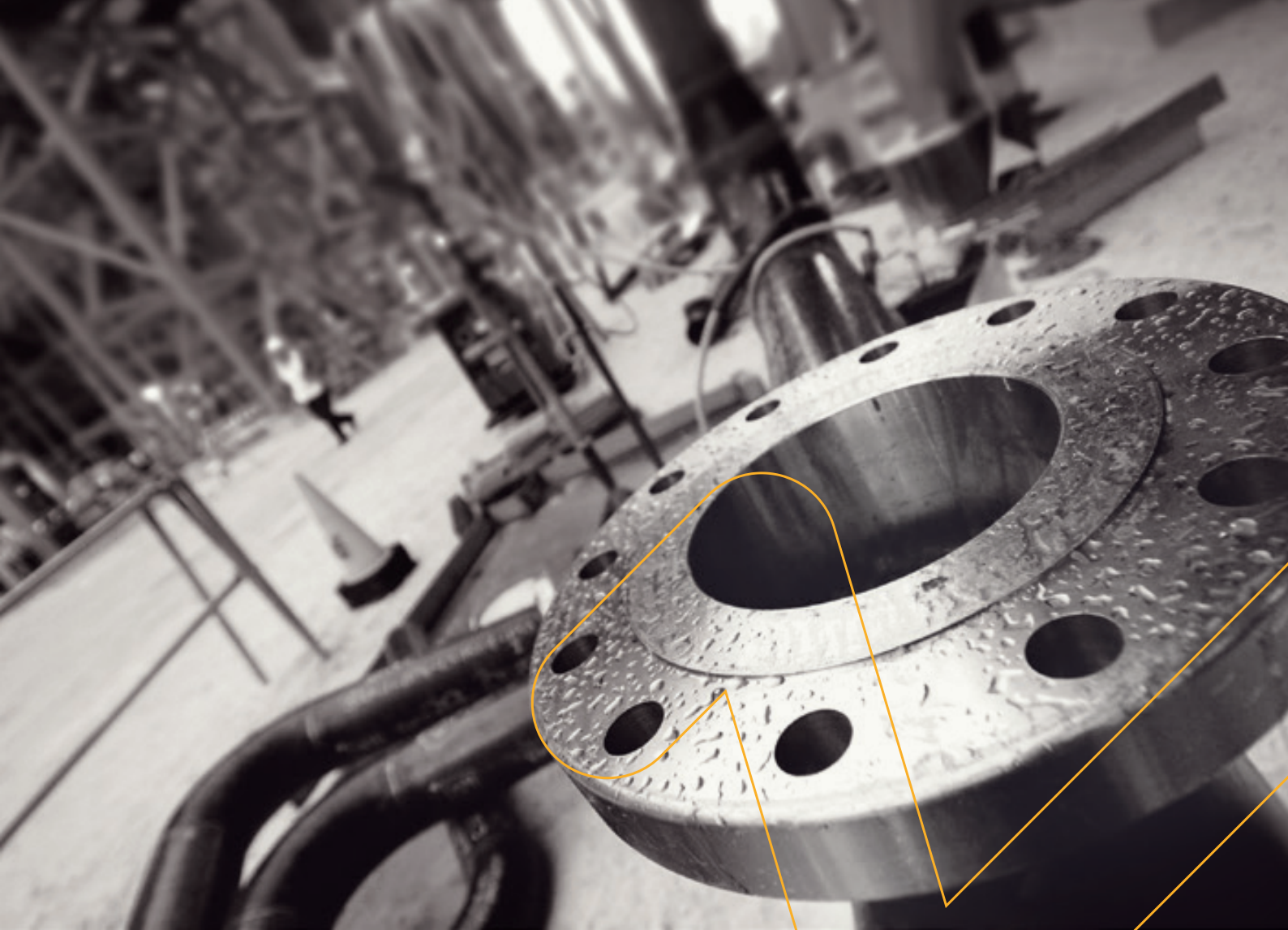


ANDREW WOOD

BA LLB GDipAppCorpGov
(GIA) FGIA, FCIS

**Group Executive
Strategy & Development**

Andrew Wood is responsible for strategy and business development, including market analysis, pursuing strategic investments and developing industry relationships. He has over 20 years' resources experience in commercial and legal roles, mainly at WMC Resources Ltd and Sibelco.



PETER WASOW

BCom, GradDipMgmt, FCPA

Chief Executive Officer
(retired 31 May 2017)

Peter Wasow was appointed CEO effective from 1 January 2014 and retired on 31 May 2017. Prior to his retirement, Mr Wasow was responsible for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. Prior to his appointment as CEO, Mr Wasow was an independent Non-Executive Director of the Company from 26 August 2011. Mr Wasow has extensive finance and commercial knowledge and experience gained during eight years at major Australian oil and gas producer Santos Limited from 2002 to 2010 where he was initially appointed as CFO and later added the responsibilities of Executive Vice President. Previous to that role, he had over a 23 year career at BHP including Vice President of Finance.

Letter by Chair of Compensation Committee

Dear Shareholders,

It gives me pleasure to write to you on Alumina's 2017 remuneration report and decisions in the context of the company's performance, achievements and developments.

2017 COMPANY PERFORMANCE

Alumina Limited (Alumina) performed strongly in 2017 recording a net profit of \$340 million. Alumina's financial performance reflected the underlying strengths of AWAC's Tier 1 assets and improved commodity prices. Continued work by Alcoa and Alumina, including difficult decisions made in recent years during the commodity cycle, have improved the asset portfolio. Following the changes to the AWAC joint venture secured in 2016, Alumina senior executives continue to work on additional strategies to optimise shareholder outcomes.

2017 REMUNERATION OUTCOMES

BASE PAY

After consideration of market and sector trends, company performance and the broader trading environment, Key Management Personnel (KMP) base salaries were increased by 2.5 per cent in line with the increase applicable to all staff (2016 nil).

STI OUTCOMES

In line with this strong company performance, I am pleased to report overall performance against the corporate and personal scorecards of each executive was measured at an average scorecard performance of 90 percent of target. This yielded STIs in the range of 70 per cent of maximum delivering a total value of \$924,653 to executives.*

The Board applies a rigorous approach to assessing final STI awards and consideration was given to the revised AWAC agreements impact on distributions and debt financing that were given effect in 2017 and a variety of strategic initiatives and joint venture matters that were progressed.*

LTI OUTCOMES

It was satisfying to see the Company's share price performance performed well versus other major Australian and international industry peers, resulting in vesting through our LTI Plan. The Company's total shareholder return was 41.9 per cent in 2017 and 51.19 per cent over the previous three years. The amount of dividends distributed to Alumina shareholders increased from US6 cents per share in 2016 to US13.5 cents per share in 2017. Approximately 420,000 shares worth \$1.012 million were vested to the senior team in 2017 under the LTI Plan.**

Further detail on company performance and remuneration outcomes is set out on pages 26-29.

NEW CEO REMUNERATION STRUCTURE

In 2017 Alumina appointed a new CEO, Mike Ferraro, to succeed Peter Wasow who led the successful joint venture renegotiation. Mike Ferraro brings an extensive range of relevant skills and commercial experience to help deliver on Alumina's strategic objectives.

The CEO succession presented the Board with the timely opportunity to reassess the incoming CEO's remuneration structure in the context of the company's present circumstance.

The Board reconsidered the structure of the CEO's remuneration given the unique nature of the Company, the cyclicity of the industry, the requirements of this critical leadership role in creating long term shareholder value, and the skills and experience necessary for the role. As a result, the Board decided to evolve further the structure of the CEO's remuneration - specifically to increase the proportion of equity based pay by increasing the quantum of conditional rights, to cease the annual STI scorecard based award and, to maintain the LTI. At the same time, the Board considered and maintained its discipline of setting overall level of remuneration at modest levels (lowest quartile)



together with a structure that ensures an upswing in the commodity cycle does not generate excessive rewards.

Further detail on the CEO's new remuneration structure is set out on page 24.

* 2017's STI payments were down by approximately \$985,000 compared with 2016 (in which two executives received enhanced payments to reflect their considerable achievements in the JV transformation and renegotiation). 2017 STI (and 2016) payments included the former CEO and other Key Management Personnel (KMP).

** Alumina Limited's LTI plan uses share value at vesting date.

OTHER REMUNERATION CHANGES IN 2017

NON-EXECUTIVE DIRECTORS FEES

As foreshadowed in the 2016 remuneration report, the Compensation Committee had an independent review undertaken of non-executive director fees during the year. As a result of the review:

- NED base fees remain unchanged (since 2011) as they are considered competitive to attract appropriately qualified and skilled NEDs to the Alumina Board
- The review revealed that Chairman and Audit & Risk and Compensation Committee Chairs' fees had fallen below market, did not reflect current workloads with the changes to joint venture and resultant new relationships. The Board, therefore, resolved to increase fees for the Chairman and the fees for chairing these two committees. Further detail is set out on pages 30 and 31.

In closing, I am pleased that the 2017 work of the Compensation Committee supported the important task of CEO succession, evolving remuneration structures and making sound remuneration decisions aligned with Alumina's investment proposition and experience of shareholders, Alumina's role in the AWAC joint venture and the governance principles established by the Board.

We appreciate the dialogue we have on this remuneration report and continue to welcome feedback.

Emma Stein Chair

Remuneration Summary

This Remuneration Summary is an abridged version of the 2017 Remuneration Report. This summary provides some understanding of the Director and executive remuneration arrangements and outcomes of Alumina Limited.

For a more comprehensive disclosure of the Company's remuneration arrangements and outcomes, please review the 2017 (Remuneration Report) Annual Report on the Company website at www.aluminalimited.com/annual_report_2017.

All contracts for key management personnel (KMP) are denominated in Australian dollars and accordingly all figures in the Remuneration Report are in Australian dollars unless otherwise shown. References to Senior Executives excludes the Chief Executive Officer (CEO).

PERSONS COVERED BY THIS REPORT

This report covers remuneration arrangements and outcomes for the following key management personnel of Alumina Limited:

NAME	ROLE	
Non-Executive Directors		
John Pizzey	Non-Executive Chairman	Appointed Chairman 1 December 2011 (director since 8 June 2007)
Emma Stein	Non-Executive Director	Appointed 3 February 2011
Chen Zeng	Non-Executive Director	Appointed 15 March 2013
Peter Day	Non-Executive Director	Appointed 1 January 2014
Deborah O'Toole	Non-Executive Director	Appointed 1 December 2017
Mike Ferraro	Non-Executive Director	Appointed 5 February 2014 to 31 May 2017
Executive Director		
Peter Wasow	Chief Executive Officer (CEO)	CEO from 1 January 2014 to 31 May 2017
Mike Ferraro	Chief Executive Officer (CEO)	Appointed CEO from 1 June 2017
Other KMP		
Chris Thiris	Chief Financial Officer (CFO)	Appointed 13 December 2011
Stephen Foster	General Counsel/Company Secretary	Appointed 4 December 2002
Andrew Wood	Group Executive Strategy & Development	Employed 1 September 2008



REMUNERATION FRAMEWORK

REMUNERATION IN BUSINESS CONTEXT

Alumina Limited's remuneration strategy and policy has been developed in recognition of the unique nature of the Company, the complexities of managing a significant but non-controlling interest in a global joint venture and the significance of external factors' influence on the sector and the Company's performance.

Alumina Limited owns a 40 per cent interest in the multi-billion dollar global enterprise, AWAC, one of the world's largest bauxite and alumina producers. AWAC is a large capital-intensive business operating in a number of jurisdictions and some in remote locations. Alumina Limited's executives are responsible for protecting and advancing the interests of its 49,000 shareholders to manage the AWAC portfolio of assets. Consistent with the governing joint venture Agreements, Alumina Limited executives are responsible for providing strategic input and advice into the joint venture. To do so, they are required to have a deep understanding of the complex trends and drivers of the global bauxite, aluminium and volatile alumina industry.

To support delivery of the business strategy, Alumina Limited's remuneration strategy has been designed to attract and retain executives who are highly commercial, strategic and have tactical experience. Hence, Alumina Limited's remuneration needs to be competitive, valued and relevant. In tandem, the Board aims to:-

- **Aid alignment between Company, executive and board and stakeholder interests** - as discussed below, the CEO's remuneration is equity exposed (his Base through the Conditional Rights component and his incentive through the LTI scheme which requires relative outperformance). Other Executive KMPs (excluding Mr Wood) are required to reinvest half of any short term incentive payments into equity and Alumina Limited has a minimum shareholding policy for Non-Executive Directors.
- **Ensure remuneration structures are relevant to roles** - At Alumina Limited, executives' performance is directed towards delivery of strategic, corporate and commercial objectives and initiatives with longer term outcomes. When compared with peers, financial metrics have less prominence in short term incentives to ensure that executive rewards do not peak merely because commodities are at the 'top of cycle'.
- **Appropriately positioned and structured** - For the CEO, the quantum of his overall remuneration, Conditional Rights and LTIs have all been set to produce outcomes with less upside compared with operating company peers but with, none the less, "skin in the game" and upside from longer term value creation.

Remuneration Summary

CEO AND SENIOR EXECUTIVES REMUNERATION MIX AND COMPARABLES

Remuneration Mix Overview

The intent of the CEO and Senior Executives remuneration arrangements is shared, that is to remunerate fairly and to attract and retain appropriately skilled and experienced staff and also provide incentive to individuals to drive shareholder wealth in their various roles. However, there are differences in the structures and relativities.

In setting the CEO and Senior Executive remuneration quantum and mix, the Board takes into account a number of factors including:

- The scope of the individual's role
- Their skills and experience
- Role-critical factors
- Company performance
- External market practice.

CEO Remuneration structure

As previously mentioned, the Board instituted changes to remuneration components of the CEO's 2017 remuneration package which is structured differently to the profile of the previous CEO. However, in terms of overall potential quantum, there is little change.

The Board reconsidered which remuneration elements most aligned with the role of the CEO at Alumina Limited and the skills and experience of the individual who was appointed. The aspects considered most important centred on strategic influence, long term value creation, joint-venture and industry relationships, identification of portfolio opportunities and leadership skills. An annual award based on a scorecard assessment was thought to be less meaningful at CEO level but a greater proportion of equity exposure within overall remuneration was thought to be more meaningful and reflective of the CEO performance. As well the Board wished to maintain positioning in the lowest quartile and ensure upswings in the cycle don't generate excessive remuneration rewards. The decision to remove the STI also aligns with Alumina Limited's remuneration strategy, in particular to have lower levels of maximum short term incentives when compared with peers.

The Board continues to set specific objectives for the CEO including for example strategic initiatives, asset portfolio enhancements, and other leadership matters. Typically some of these objectives relate to the year ahead, whereas others may take longer to achieve with specific milestones sought in the year ahead. Progress is reviewed formally quarterly and at the end of the year. This process provides the Board with a basis to assess and discuss CEO performance in the short term. Also, and importantly, it provides a basis to

ensure that the Board and CEO are aligned on priorities that will underpin long term shareholder value creation. While the CEO does not have any STI remuneration linked to the achievement of annual performance objectives, it ensures the Board has a formal transparent mechanism to measure, and hold the CEO accountable, for performance.

Alumina Limited resolved to structure the CEO's remuneration components as per **Chart 1** (opposite).

A fixed cash remuneration component of \$1,275,000 plus an:

- Equity component that is variable in value contingent on the share price performance of Alumina Limited and delivered via conditional rights valued at \$400,000 at the time of the grant. This component of the CEO's pay has a three year trading restriction imposed and is therefore at risk to share price fluctuations, in line with the experience of shareholders
- Equity component contingent on the Company's TSR performance against comparator group companies and is delivered in performance rights valued at \$450,000 at the time of the grant, with a 3 year performance period. This reinforces the remuneration policy that the CEO acts in the longer term interests of the Company and its shareholders.

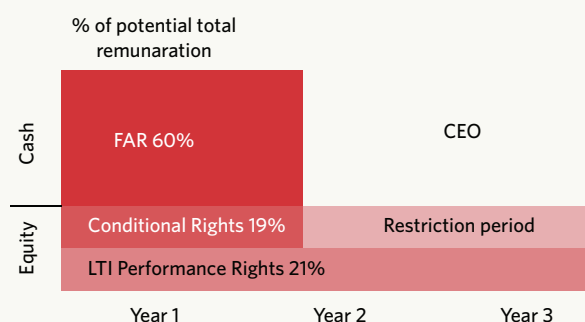
The restructuring of the CEO's remuneration to include conditional rights, coupled with the LTI opportunity results in a total of 40 per cent of the CEO's total opportunity remuneration is variable to share price fluctuations.

The Board is satisfied that the CEO's target remuneration is appropriate to attract, retain and motivate a high calibre, and with appropriate skill-set CEO. The revised CEO remuneration package was validated through external benchmarking.

A market comparison was conducted against the CEO remuneration of the ASX51-100, the Company's preferred comparator group that comprises companies with a market capitalisation of approximately 70% to 150% of Alumina Limited. Relative to this comparator group, the CEO's total reward opportunity was a modest 4th percentile. Compared to the ASX51-75 comparator group the CEO's total reward ranked as the lowest.

The CEO's FAR quantum at \$1,275,000 positions him at the 34th percentile of the ASX51-100 comparator group and at the 19th percentile of the ASX51-75 comparator group which the Board is satisfied reflects an appropriate quantum for the CEO of a non-operating entity such as Alumina Limited.

Chart 1

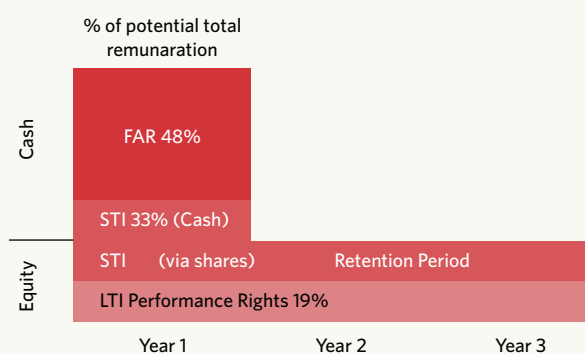


Senior Executive (other than the CEO) remuneration structure

The remuneration structures for other senior executives remains unchanged, consistent with their existing employment contracts. The remuneration structure for the senior executive (other than the CEO) includes:

- Fixed remuneration delivered in cash
- STI component based on annual performance scorecard, of which half is reinvested through share purchase
- An LTI component delivered in performance rights with a 3 year performance period.

Senior Executive¹ 2017 remuneration structure



The STI component for the senior executives, (excluding the CEO) is considered appropriate providing the CEO with a management tool to set annual priorities in the context of the Company's longer term strategic plans, reinforced through the attachment of an incentive.

¹ Mr Wood's remuneration mix differs from the other senior executives. His maximum potential award is FAR 55%, STI 28% and LTI 17%. Mr Wood's STI is received in cash only.

Remuneration Summary

COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

In terms of financial performance, 2017 has been a very positive year for Alumina Limited and the AWAC business. Alumina Limited and AWAC benefited from improved industry fundamentals that saw the spot price for alumina reach \$484 per tonne and an average realised price of \$335 for the year compared to \$242 in 2016. This uptick in prices contributed to a profit for Alumina Limited of \$340m for 2017.

The diagrams that follow highlight Alumina Limited's performance against market indicators.

As outlined in Alumina Limited's 2016 Annual Report, a number of transformational changes were made to the AWAC agreements following lengthy negotiations by management. In 2017, tangible benefits from those negotiations are apparent. AWAC's funding structure is now more efficient utilising debt for growth projects rather than solely equity (within certain limits) and there was improved certainty of cash flows by way of distributions to Alumina Limited from AWAC. These positive changes are a direct result of management action and have contributed to the Company's ability to declare increased dividends to shareholders.

Also, Alumina Limited sought to build on the transformational outcomes flowing from the 2016 changes to the joint venture agreements and the largely complete repositioning of the AWAC asset portfolio. AWAC's tier one assets generated their best returns for several years due to their low cost position and efficiency gains that resulted in production records.

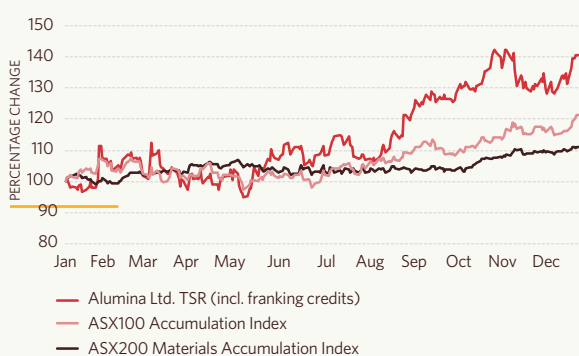
Within Alumina Limited, a series of objectives were formulated for 2017. A priority was to improve AWAC cash distributions in 2017. Flowing from the transformational change to the AWAC joint venture, arrangements to maximise cash distributions to partners and minimise equity calls were implemented. The change to the AWAC joint venture also included some funding of growth projects by debt. Maximising the amount of this financing was achieved in 2017 which is beneficial to Alumina Limited.

It was also important to maintain key financial metrics consistent with an investment grade credit rating. Following consultation between management and S&P, the Company's rating increased Alumina Limited is now one notch from reaching investment grade.

Following the substantial completion of the restructuring of the AWAC asset portfolio, it was important to examine the strategy of the business in the context of industry trends and development. Alumina Limited's management provided Alcoa with, and contributed to, options to capture synergies in various alumina and bauxite assets. The options are being explored.

The diagrams that follow highlight Alumina Limited's 2017 performance against market indicators.

Alumina Limited 2017 TSR compared to ASX indices¹



1 Accumulation indices were used to take into account dividends and both growth and dividend income.

Alumina Limited 2017 share price performance compared to ASX indices²



2 Non-accumulation indices do not take dividends into account and measure price growth only.



REMUNERATION DECISIONS AND OUTCOMES FOR 2017

FIXED REMUNERATION

2017 OUTCOMES	<p>The fixed remuneration for the Senior Executives (excluding the CEO) increased in 2017 by 2.5%. This was the lower end of the forecast increase for the resources sector.</p> <p>The CEO's fixed remuneration was reviewed on appointment.</p>
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SHORT TERM INCENTIVE

2017 OUTCOMES	<p>50 percent of the STI is assessed against a Corporate Scorecard of objectives and 50 per cent against a Personal Scorecard of objectives.</p> <p>Executives achieved on average 70 per cent of maximum STI. The total percentage paid against the target STI varied between 89–91% of the target level.</p> <p>For a detailed performance against the Corporate and Personal Scorecard see pages 46 and 47 of the 2017 Annual Report.</p>
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LONG TERM INCENTIVE

2017 OUTCOME	<p>Rights granted In 2015 Performance Rights were tested in 2017 (testing period December 2014 to December 2017).</p> <p>As a result Alumina Limited's percentile performance against the ASX Comparator group, 52.38 per cent of the potential entitlement vested. In relation to the International Comparator Group, Alumina Limited's performance resulted in 96.58 per cent of the potential entitlement vesting.</p>
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To review the disclosure of STI scorecard objectives, performance measures and assessment and results, please review Table 3 of the Remuneration Report of the 2017 Annual Report located on the Company website at: www.aluminalimited.com/annual_report_2017.

Remuneration Summary

CHIEF EXECUTIVE OFFICER'S AND SENIOR EXECUTIVES REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2017

EXECUTIVE KMP	YEAR	SHORT-TERM BENEFITS					
		FAR ¹	STI ²	NON- MONETARY ³	OTHER ⁴	TOTAL	
Michael Ferraro (CEO)	2017	731,502	-	18,543	-	750,045	
Peter Wasow (Retired CEO)	2017	899,473	185,653	-	4,065	1,089,191	
	2016	1,170,838	725,000	29,676	21,997	1,947,511	
Chris Thiris (CFO)	2017	678,712	355,000	26,371	7,798	1,067,881	
	2016	656,458	485,000	23,278	5,484	1,170,220	
Stephen Foster (General Counsel/ Company Secretary)	2017	499,600	265,000	24,213	-	788,813	
	2016	483,500	500,000	18,917	15,966	1,018,383	
Andrew Wood (Group Executive Strategy and Development)	2017	353,768	119,000	11,204	-	483,972	
	2016	345,038	200,000	9,087	11,780	565,905	
Total	2017	3,163,055	924,653	80,331	11,863	4,179,902	
Executive remuneration	2016	2,655,834	1,910,000	80,958	55,227	4,702,019	

1 Short-Term FAR is the total cash cost of salary, exclusive of superannuation.

2 Short-term incentive payments reflect the cash value paid for the years ended 31 December 2017 and 31 December 2016.

3 Non-monetary benefits represent accrued long service leave and value of the car park and a travel entitlement for Mr Ferraro.

4 Other short-term benefits include personal financial advice allowance and travel allowance.

POST-EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS			TOTAL REMUNERATION
SUPERANNUATION AND TERMINATION ⁵	CONDITIONAL RIGHTS ⁶	PERFORMANCE RIGHTS ⁷	TOTAL	
12,248	136,111	59,265	195,376	957,669
1,034,356	292,675	175,436	468,111	2,591,658
19,462	207,000	310,856	517,856	2,484,829
29,988	-	181,694	181,694	1,279,563
34,942	-	207,649	207,649	1,412,811
29,900	-	135,995	135,995	954,708
33,000	-	155,368	155,368	1,206,751
19,832	-	71,842	71,842	575,646
19,462	-	71,052	71,052	656,419
1,126,324	428,786	624,232	1,053,018	6,359,244
106,866	207,000	744,925	951,925	5,760,810

5 Superannuation contributions reflect the SGC payment and termination (payment in lieu) payment for the previous CEO.

6 In 2017, Mr Ferraro was granted a conditional rights share based payment that is amortised over 12 month (conditional) period. In 2017, Mr Ferraro received 122,164 conditional rights calculated by dividing the aggregate grant value of \$233,333 (pro-rated for his \$400,000 full entitlement) by an independently determined Volume Weighted Average Price (VWAP) of \$1.91 per right. The grant date was 9 June 2017 with release date of 8 June 2020. The rights vest immediately after the 12 month (conditional) period and only then is Mr Ferraro entitled to any benefits or entitlements attaching to the shares. While Mr Ferraro is employed by the Company, and unless the Board otherwise determines, he may not dispose of or otherwise deal or purport to deal with any shares transferred to him upon vesting of the Award, until (and including) the release date. In 2017, FAR for Mr Wasow included a conditional rights share based payment that is amortised over a 12 month (conditional) period. In 2017, Mr Wasow received 116,580 conditional rights calculated by dividing the aggregate grant value of \$212,175 by an independently determined VWAP of \$1.82 per right. The grant date was 9 January 2017 with a vesting date of 9 July 2017. The 2017 rights vest immediately after the 6 month (conditional) period and only then is Mr Wasow entitled to any benefits or entitlements attaching to the shares. In 2016, Mr Wasow was the recipient of 177,988 share rights at a VWAP of \$1.163. The grant date was on 7 January 2016 and the share rights vesting on 7 July 2017. In 2016, Mr Foster elected to increase his superannuation contribution (reflected in the superannuation column) which caused a reduction in his recorded 2016 FAR by the same amount.

7 In accordance with AASB 2, the value attributed to Performance Rights represents the amortisation for the reporting period of the value at grant date of all previously granted Performance Rights that have neither vested nor lapsed. The value at grant date is amortised over a three year period.

Remuneration Summary

SENIOR EXECUTIVE SHAREHOLDING

SENIOR EXECUTIVE SHAREHOLDINGS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

		BALANCE OF SHARES AS AT 1 JANUARY ¹	SHARES ACQUIRED DURING THE YEAR UNDER EMPLOYEE SHARE PLAN ²	OTHER SHARES ACQUIRED DURING THE YEAR	SHARES SOLD DURING THE YEAR	BALANCE OF SHARES HELD AT 31 DECEMBER
Michael Ferraro ³	2017	68,000	-	-	-	68,000
Peter Wasow	2017	455,838	159,759	294,568	(910,165)	-
	2016	214,908	404,000	114,930	(278,000)	455,838
Chris Thiris	2017	814,000	121,328	38,100	(73,428)	900,000
	2016	263,224	418,176	132,600	-	814,000
Stephen Foster	2017	739,717	91,164	28,867	(94,000)	765,748
	2016	511,842	312,337	125,538	(210,000)	739,717
Andrew Wood	2017	150,000	47,966	-	-	197,966
	2016	111,010	110,166	-	(71,176)	150,000

1 Balance of shares held at 1 January and 31 December of the respective years include directly held, and nominally held shares, and shares held by personally related entities.

2 Includes vested 2015 Performance Rights that were tested in December 2017.

3 Mr Ferraro was appointed Chief Executive Officer on 1 June 2017. Prior to this he was a Non-Executive Director. His shareholdings in 2016 are disclosed in Table 11 of the Remuneration section of the 2017 Annual Report.

NON-EXECUTIVE DIRECTORS REMUNERATION

The maximum remuneration for Non-Executive Directors is determined by resolution of shareholders. At the 2016 AGM, shareholders approved a maximum aggregate remuneration of \$1,500,000 per annum for Non-Executive Directors. A total of \$1,117,670 was paid in Non-Executive Director fees in 2017.

As foreshadowed in the 2016 Remuneration Report, an independent review of Non-Executive Director fees, relevant to the market, was undertaken. Also, the workload of Board Committees had increased over a period of years, especially for the Chairman and Chair of the Committees. The review identified that the Chairman's and Committee Chair's remuneration had lagged compared to the market. The outcome of the review was considered in light of Non-Executive Director's base fees remaining unchanged from

the fee level set in 2011 and no recent changes to the Chairman and Committee Chair fees. The Board determined that in the context of business conditions that there would be no increase to the base fee for the 2017 year (except for a nine per cent increase to the Chairman's base fee). However, the fee for Chair of the Audit and Risk Management and Compensation committees were increased from \$15,000 to \$30,000 per annum to reflect changes in market practice, align with the workload of those roles and ensure Alumina Limited remained competitive to the market to attract and retain high calibre Non-Executive Directors.

In addition to the base fee, Non-Executive Directors receive fees for participation on the Board Committees and Superannuation Guarantee Contributions.

Committee Member	\$10,000 (aggregate)
Compensation Committee Chair	\$30,000
Audit & Risk Committee Chair	\$30,000
Nomination Committee Chair	\$10,000

Non-Executive Directors participation on Board Committees is set out on page 17 of the 2017 Annual Report. Non-Executive Directors do not receive any other retirement benefits or performance based incentives, rights or options.

REMUNERATION OUTCOMES

Non-Executive Directors' remuneration details are set out below.

		SHORT-TERM BENEFITS		POST EMPLOYMENT	TOTAL REMUNERATION
		FEES - CASH	NON-MONETARY BENEFITS	SUPERANNUATION GUARANTEE ¹	
John Pizzey	2017	390,168	-	19,832	410,000
	2016	357,008	-	19,462	376,470
Emma Stein	2017	189,953	-	18,055	208,008
	2016	174,193	-	16,557	190,750
Chen Zeng	2017	159,262	-	15,138	174,400
	2016	159,262	-	15,138	174,400
Peter Day	2017	184,147	-	17,503	201,650
	2016	174,193	-	16,557	190,750
Michael Ferraro ²	2017	70,507	-	6,702	77,209
	2016	169,216	-	16,084	185,300
Deborah O'Toole ³	2017	13,333	-	1,267	14,600
Total	2017	1,007,370	-	78,497	1,085,867
	2016	1,033,872	-	83,798	1,117,670

1 Non-Executive Directors receive, in addition to their fees, a SGC. The applicable rate for 2017 and 2016 was 9.5 per cent. Non-Executive Directors do not receive any other retirement benefits.

2 Mr Ferraro resigned as a Non-Executive Director on the 31 May 2017 and was appointed to the position of Chief Executive Officer and Managing Director on 1 June 2017. His remuneration following his appointment is shown on page 26.

3 Ms O'Toole was appointed a Non-Executive Director on 1 December 2017.



Remuneration Summary

NON-EXECUTIVE DIRECTOR SHARE HOLDINGS

Each Non-Executive Director is required to hold shares in the Company having a value at least equal to 50 per cent of their annual fees at the expiry of five years from appointment as a director. The requirement is satisfied when shares are acquired or, by the expiry of the five year term.

NON-EXECUTIVE DIRECTOR SHAREHOLDINGS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2016

		BALANCE OF SHARES AS AT 1 JANUARY	OTHER SHARES ACQUIRED DURING THE YEAR	BALANCE OF SHARES HELD AT 31 DECEMBER
John Pizzey	2017	82,111	8,500	90,611
	2016	82,111	-	82,111
Emma Stein	2017	75,808	8,986	84,794
	2016	75,808	-	75,808
Chen Zeng ²	2017	4,804	-	4,804
	2016	4,804	-	4,804
Peter Day	2017	75,720	-	75,720
	2016	75,720	-	75,720
Michael Ferraro ³	2016	25,000	43,000 ⁴	68,000
Deborah O'Toole ⁵	2017	-	-	-

1 Balance of shares held at 1 January and 31 December of the respective years include directly held shares, nominally held shares, and shares held by personally related entities.

2 Mr Zeng is a nominee of CITIC and CITIC holds 548,959,208 ordinary fully paid shares in Alumina Limited.

3 Mr Ferraro resigned as a Non-Executive Director on the 31 May 2017 and was appointed to the position of Chief Executive Officer and Managing Director on 1 June 2017. His shareholdings for 2017 are shown in Table 9.

4 Mr Ferraro purchased 43,000 shares indirectly via the trustee company of the Ferraro Super Fund, of which Mr Ferraro is a beneficiary.

5 Ms O'Toole was appointed a Non-Executive Director on 1 December 2017.

Condensed Consolidated Statement of Financial Position

	US\$ MILLION	
	31 DEC 2017	31 DEC 2016
CURRENT ASSETS		
Cash and cash equivalents	40.0	8.6
Receivables	-	0.1
Other assets	1.8	3.0
Total current assets	41.8	11.7
NON-CURRENT ASSETS		
Investment in associates	2,320.8	2,106.0
Property, plant and equipment	0.1	0.1
Total non-current assets	2,320.9	2,106.1
TOTAL ASSETS	2,362.7	2,117.8
CURRENT LIABILITIES		
Payables	1.3	1.3
Provisions	0.3	0.3
Other liabilities	0.1	0.1
Total current liabilities	1.7	1.7
NON-CURRENT LIABILITIES		
Borrowings	98.4	92.4
Derivative financial instruments	8.3	16.2
Provisions	0.5	0.6
Total non-current liabilities	107.2	109.2
TOTAL LIABILITIES	109.9	110.9
NET ASSETS	2,253.8	2,006.9
EQUITY		
Contributed equity	2,682.9	2,682.9
Treasury shares	(0.9)	-
Reserves	(1,014.9)	(1,125.3)
Retained earnings	586.7	449.3
TOTAL EQUITY	2,253.8	2,006.9

Financial History

ALUMINA LIMITED AND CONTROLLED ENTITIES

AS AT 31 DECEMBER

	2017 US\$ MILLIONS	2016 US\$ MILLIONS	2015 US\$ MILLIONS	2014 US\$ MILLIONS	2013 US\$ MILLIONS
Revenue from continuing operations	0.6	0.6	0.1	0.1	0.3
Share of net profit/(loss) of associates accounted for using the equity method	360.4	18.1	109.9	(73.6)	(97.4)
Other income	-	-	-	1.5	137.1
General and administrative expenses	(13.6)	(25.7)	(11.9)	(13.5)	(17.2)
Change in fair value of derivatives/foreign exchange losses	0.7	(14.1)	(3.2)	1.6	3.0
Finance costs	(8.3)	(9.1)	(6.6)	(13.6)	(25.3)
Income tax (expense)/benefit from continuing operations	-	-	-	(0.8)	-
Net (loss)/profit attributable to owners of Alumina Limited	339.8	(30.2)	88.3	(98.3)	0.5
Total assets	2,342.9	2,117.8	2,110.7	2,543.2	2,964.0
Total liabilities	108.9	110.9	127.8	119.2	170.6
Net assets	2,234.0	2,006.9	1,982.9	2,424.0	2,793.4
Shareholders' funds	2,234.0	2,006.9	1,982.9	2,424.0	2,793.4
Dividends paid	210.2 ²	135.3	171.2	-	-
Dividends received from AWAC	278.1	150.2	61.4	16.0	100.0
Statistics					
Dividends declared per ordinary share	US13.5c	US6.0c	US6.3c	US1.6c	- ³
Dividend payout ratio	62%	-	202%	-	-
Return on equity ¹	15.8%	(1.5)%	3.9%	(3.5)%	0.02%
Gearing (net debt to equity)	2.5%	4.0%	4.8%	3.45%	4.6%
Net tangible assets backing per share	\$0.69	\$0.61	\$0.60	\$0.77	\$0.91

1 Based on net (loss)/profit attributable to owners of Alumina Limited.

2 Final dividend for the financial year ended 31 December 2016, declared and paid in 2017 and interim dividend for the year ended 31 December 2017, declared and paid in 2017.

3 No interim or final dividend declared for the year ended 31 December 2013.



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