Alumina Limited

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Alumina Limited
An investment in the AWAC joint venture

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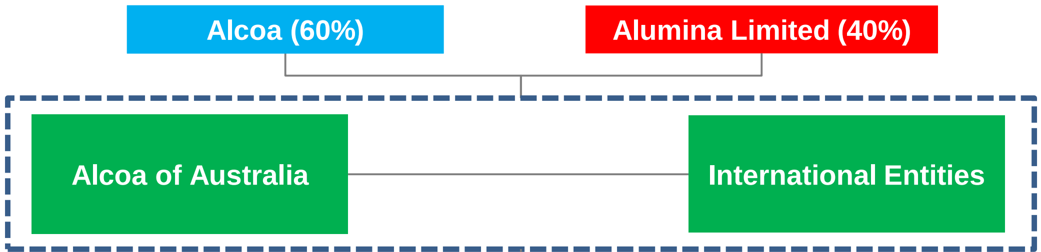
AWAC's[1] Underlying Businesses
AWAC is the world's largest producer of alumina and miner of bauxite



AWAC Global Operations[2]

Location [4]	Bauxite Mines[3]	Alumina Refineries	Aluminium Smelters [5]
Australia	Huntly & Willowdale	Kwinana, Pinjarra & Wagerup	Portland (55%)
Brazil	Trombetas (9.6%) & Juruti	Sao Luis (Alumar) (39%)	-
Guinea	Sangaredi (23%)	-	-
USA	-	Point Comfort [6]	-
Spain	-	San Ciprian	-
Saudi Arabia	Al Ba'itha (Ma'aden), 25.1%	Ras al Khair (Ma'aden), 25.1%	-

(1) *AWAC is a JV comprised of a number of companies, of which Alcoa of Australia owns and operates the Australian assets.*
(2) *AWAC also owns and operates a shipping business which provides transport for AWAC's alumina business and 3rd parties.*
(3) *AWAC has other bauxite exploration interests.*
(4) *The mining and refining operations in Suriname were fully curtailed by 30 November 2015 and in January 2017 AWAC announced they would be permanently closed.*
(5) *Point Henry smelter permanently closed on 1 August 2014.*
(6) *The refining capacity at Pt Comfort was fully curtailed by 30 June 2016.*

Alumina Limited
Business strategy

Ma'aden Refinery (AWAC has a 25.1% interest in the refinery and associated mine)

Ship loading in Brazil

Alumina Limited is a pure investment in the upstream segment of the aluminium value chain

Only business activity is 40% investment in AWAC

Alumina Limited provides the cleanest look through to AWAC's underlying performance

Each AWAC entity is required to pay distributions to JV partners in accordance with JV agreements

Financial policies ensure minimal leverage maintained in Alumina Limited

Alumina Limited's holding costs are also minimal

Alumina Limited's dividend policy is to distribute free cash flow

Alumina Limited has rights and powers not normally attributable to a minority shareholder

JV agreements protect Alumina Limited's shareholder interests

A super-majority vote is required to enact certain material changes to the operations of the Enterprise

Alumina Limited

Is well positioned in the upstream aluminium value chain

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Industry context

Primary aluminium demand growth strong: 4% for 2016 and 5% for 2017

Alumina market is broadly balanced and expected to be tighter by year end, potential winter curtailments in China

Opportunities for stable long term bauxite suppliers

Refining issues in medium term

- China: Cost and availability of bauxite (domestic and imported)
- RoW: Long lead times and no financial incentive for new capacity

AWAC has a leading position

Largest RoW alumina producer and third party supplier and in lowest cost quintile

Largest and first quartile of cost bauxite miner: record production, abundant resource, optionality of brownfield expansions to match market

AWAC's strategy is delivering

De-link alumina pricing: 84% in 2016, 92% from 2018

Further improving alumina refining cost position

Developing a new business line in bauxite

Alumina Limited provides a unique look-through vehicle

Unique, largely pure investment in bauxite and alumina

Positioned for upside: industry context, asset position and strategy

Very low levels of debt

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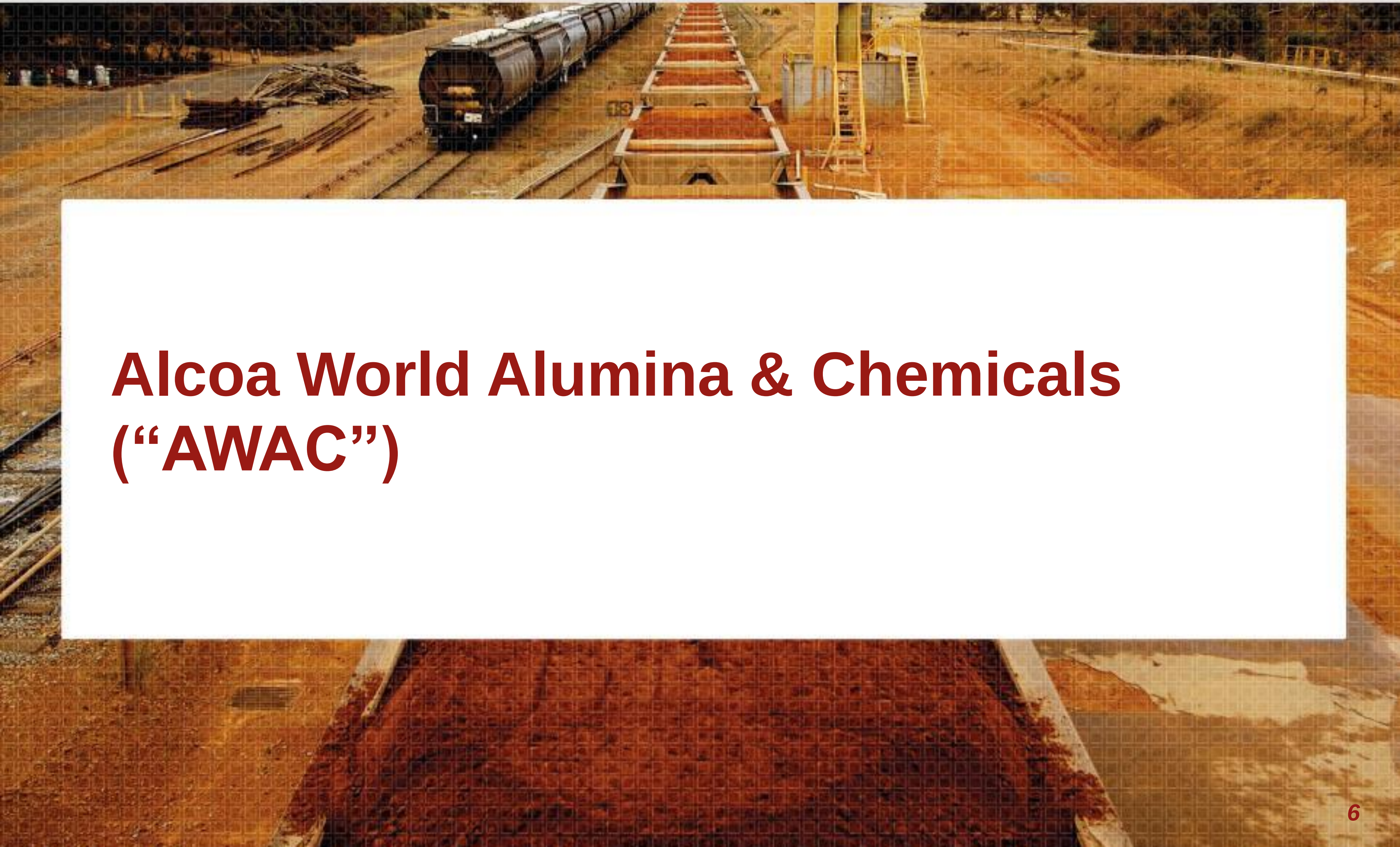

Alcoa World Alumina & Chemicals ("AWAC")

AWAC
Global leader in bauxite and alumina

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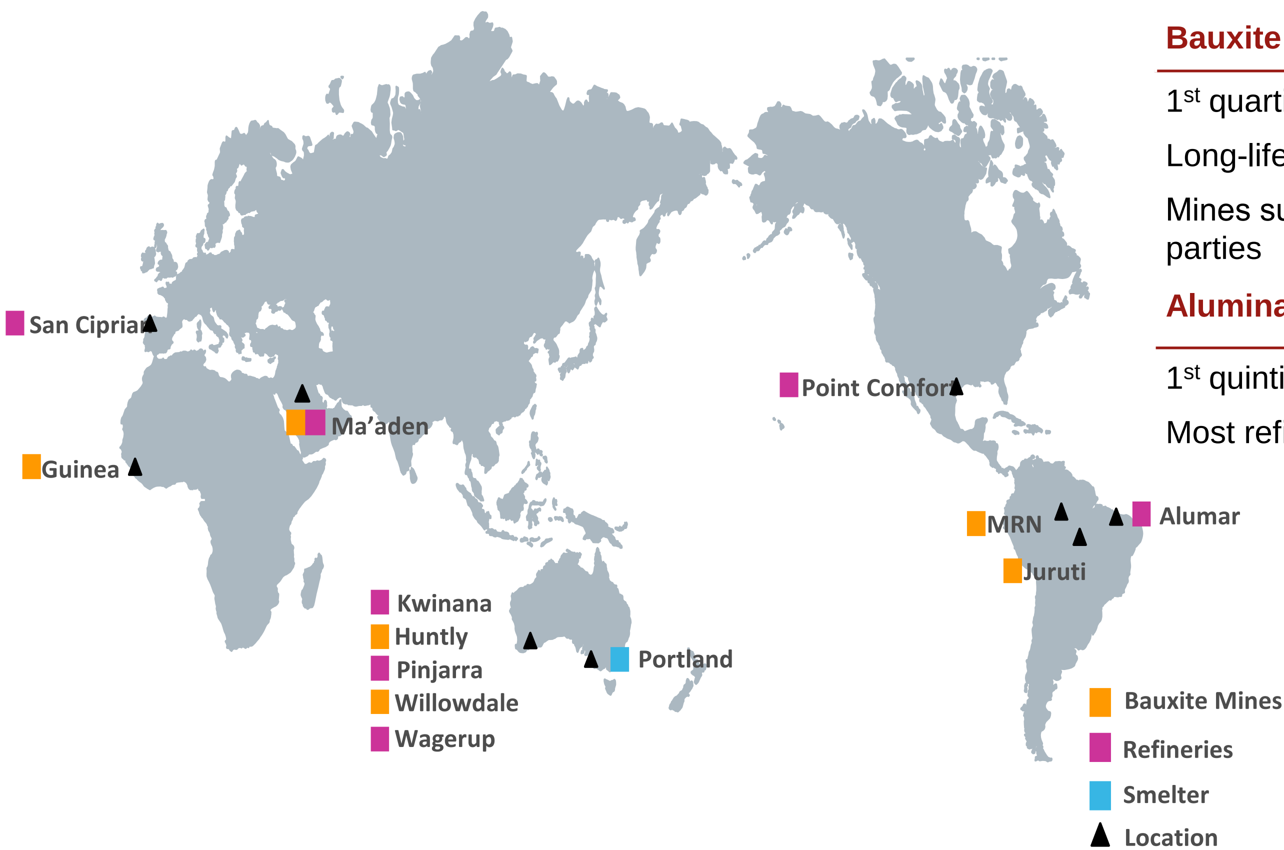
AWAC is premier owner and operator of tier 1 bauxite mines and alumina refineries



Bauxite mining

1st quartile 2016 cash cost of production

Long-life mines

Mines supply AWAC's refineries and third parties

Alumina refining

1st quintile 2016 cash cost of production

Most refineries are integrated with mines

AWAC
Operational and growth objectives

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Operational Excellence

- Maintain strong integrated bauxite and refining system with low cost position
- Reduce capital intensity of mining and refining operations
- Optimize the portfolio
- Expand Alumina Price Index sales
- Disciplined management of costs and capex

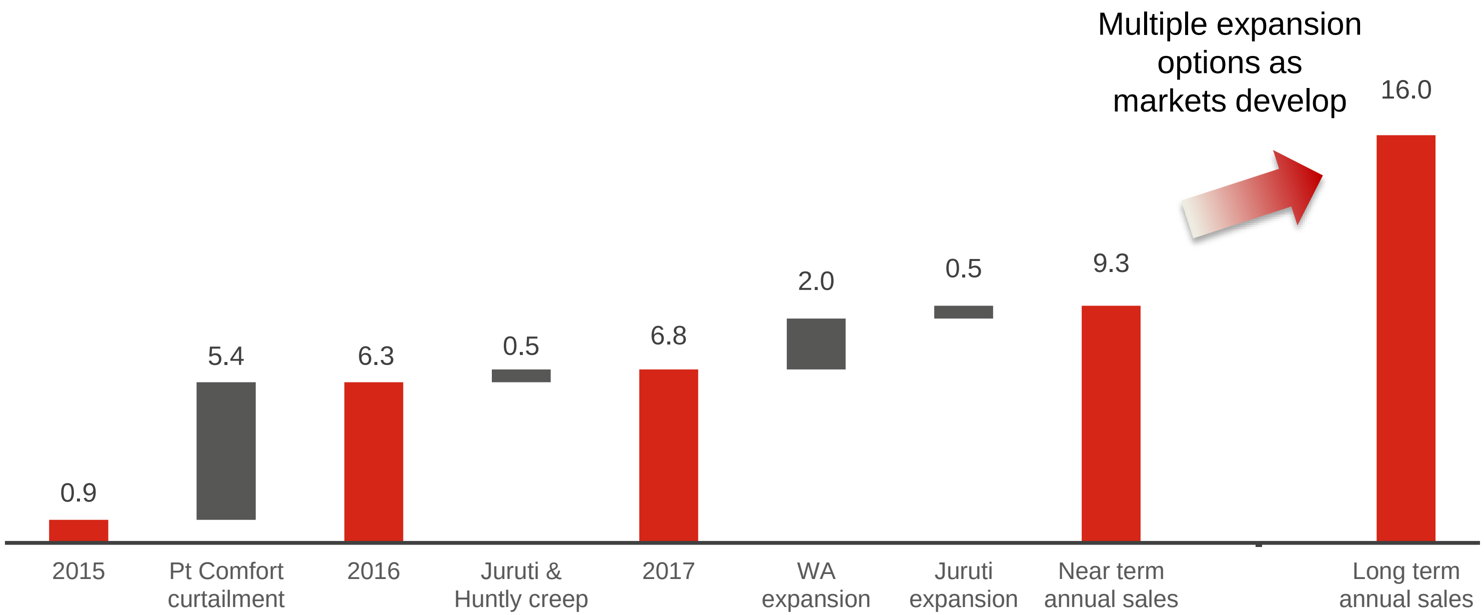
Focused Growth

- Target brownfield expansions
  Creep mine and refinery production
- Strategic alignment with customers
- Continue technology innovations

… while maintaining a conservative capital structure

AWAC
Growing third party bauxite sales

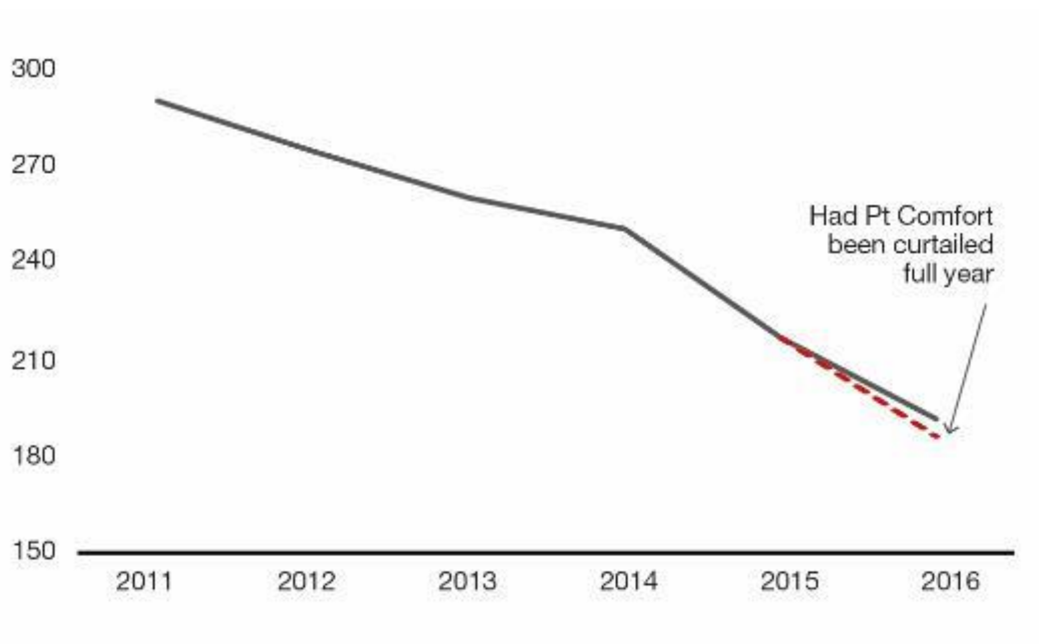
Potential third party bauxite sales (million bdmt [1] pa)
Near term increase requires minimal capital



[1] Bone dry metric tonnes

AWAC
Refinery cost improvement

Cash cost of alumina produced ($/t)



Reduce costs through:

Portfolio restructuring [(1)]

Productivity focus and creep projects

Reduce capital intensity

Capitalise on improving relative cost position:

New capacity is more and more reliant on distant bauxite sources

[(1)] *Sold Jamalco, closed Suriname and fully curtailed Point Comfort*

AWAC
Reducing capital intensity: bauxite residue press filtration

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Residue presses

Mobile spreader

Traditional method requires solar drying of residue

Large storage areas needed

Water applied to prevent dusting

Press filtration creates high density cake

Reduces storage area needed

Limits dusting

Kwinana is the first refinery to implement (2016)

Capex was $115m

Avoids additional c.$100m capex over next 10 years

Refining life extended by c.15 years

AWAC
Reducing capital intensity: bauxite residue press filtration

Press filtration building

Radial stacker

Press filtration has many benefits

Safer method of residue storage

Reduces future capex and frequency

Uses less land, extending life of assets, reducing future remediation costs

Improves water management

Faster recovery of caustic soda

Reduces dusting

Potential secondary product of sand

Evaluation underway for other refineries

Initial focus is on WA operations

AWAC

Conservative capital structure

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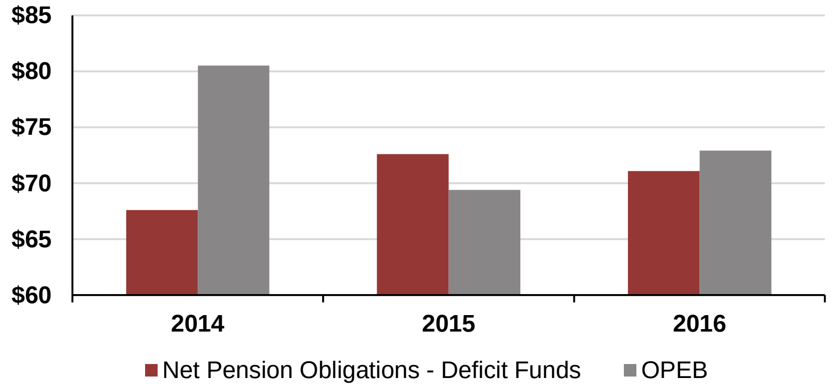
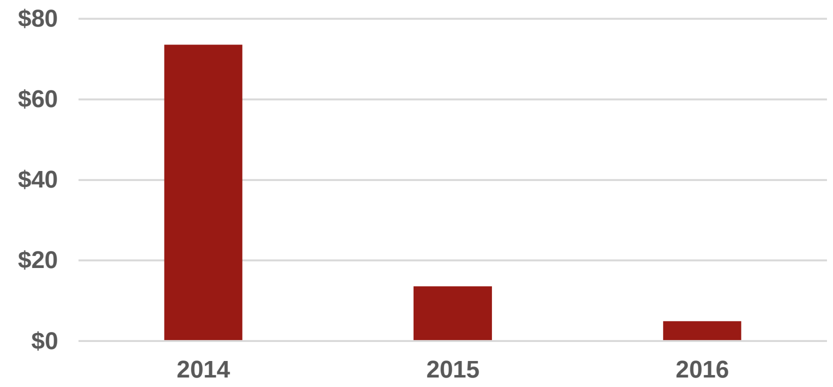
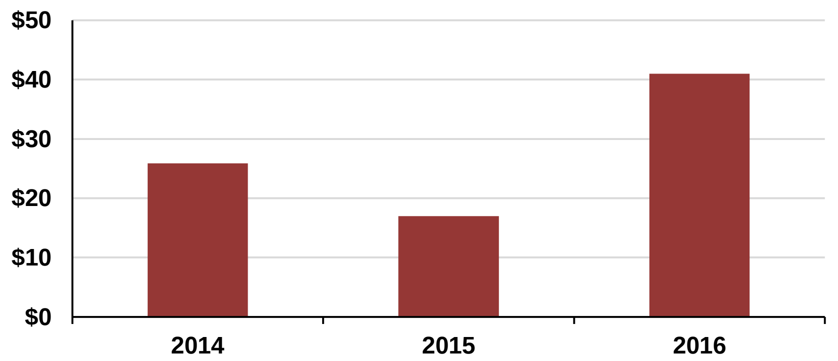
Net Pension Obligation & Other Post Retirement Obligation[1] ($m)



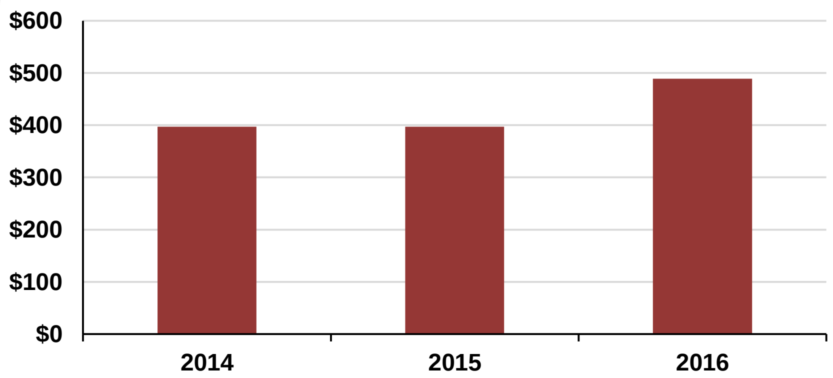
Gross Debt ($m)



Environmental Remediation Reserve[2] ($m)



Asset Retirement Obligation[3] ($m)



(1) Suriname pension plans and other post retirement obligations have not been adjusted for the impact of closure.

(2) A liability is recorded for environmental remediation when a cleanup program becomes probable and the costs can be reasonably estimated.

(3) Recorded AROs related to legal obligations associated with the normal operations of bauxite mining, alumina refining, and aluminium smelting facilities. These AROs consist primarily of costs associated with spent pot lining disposal, closure of bauxite residue areas, mine reclamation, and landfill closure.

Source: AWAC's Annual Financial Report (US GAAP)

AWAC JV Agreements

Overview of recent changes

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		Timing	
1	Improves Alumina's influence over its investment in AWAC	From 1 November 2016	a) Enhanced governance rights b) Improved capital efficiency
2	Increases Alumina's strategic flexibility and autonomy as a corporate entity	Upon change of control	a) Removal of exclusivity and the addition of sole risk rights (change of control of Alumina ***or*** Alcoa) b) Offtake rights for bauxite and alumina (change of control of Alumina)

1 Alumina's influence over investment in AWAC

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Enhanced governance rights

- Super majority voting requirement (80%) for
  - Acquisitions or divestitures, expansions and curtailments exceeding certain value ($50 million) or volume limits (0.5mt alumina, 2mt bauxite); other matters
- Improved information sharing
- More streamlined process for resolving disputes

Improved capital efficiency

- Greater certainty of cash flow from AWAC
  - Each AWAC JV entity will pay a minimum of 50% of the prior quarter's profit ***and*** surplus cash above $140 million (total group) will also be distributed on a quarterly basis
- Ability to debt fund AWAC
  - Debt will be raised to fund growth projects with certain limits

2 Increasing strategic flexibility and autonomy

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Removal of exclusivity

- Immediately on and from a change of control of Alumina Limited or Alcoa Corp the exclusivity and non-compete provisions will terminate:
  - removes takeover impediment for industry acquirers
  - either partner may also, on a sole risk basis:
    - expand an existing AWAC operation;
    - develop a new project on AWAC tenements; or
    - pursue a project outside of AWAC

Offtake rights

- Upon a change of control of Alumina Limited, the acquirer (or consortium member) is entitled to offtake as follows:

Alumina:

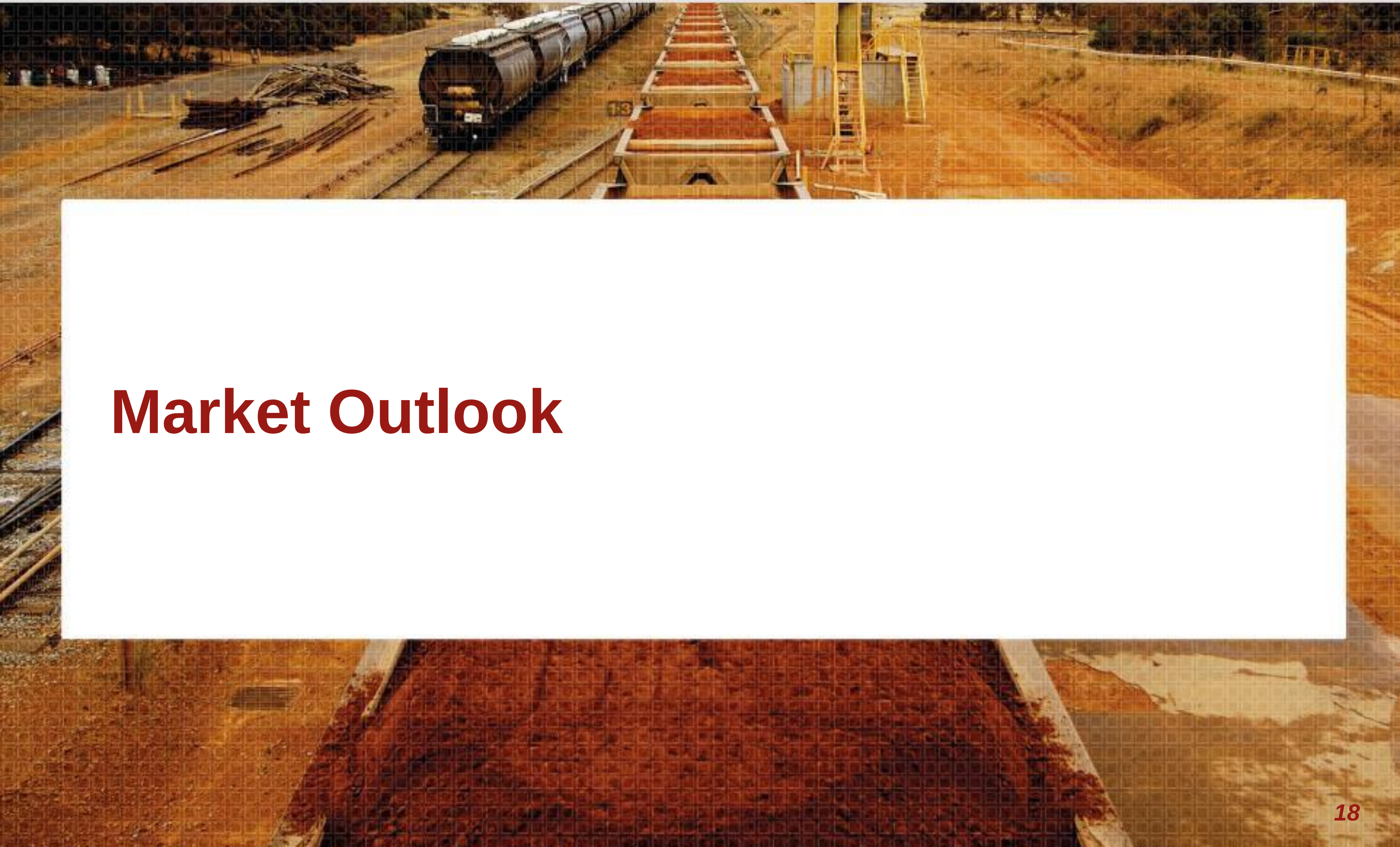
- its net short position; plus
- up to 1Mtpa of alumina, which it may sell as it sees fit;

Bauxite:

- its net short position of bauxite for internal consumption;

Both subject to a cap of Alumina Limited's equity share of AWAC's production and net of AWAC's own consumption and existing third party agreements

Market Outlook



Uncertainties in the outlook

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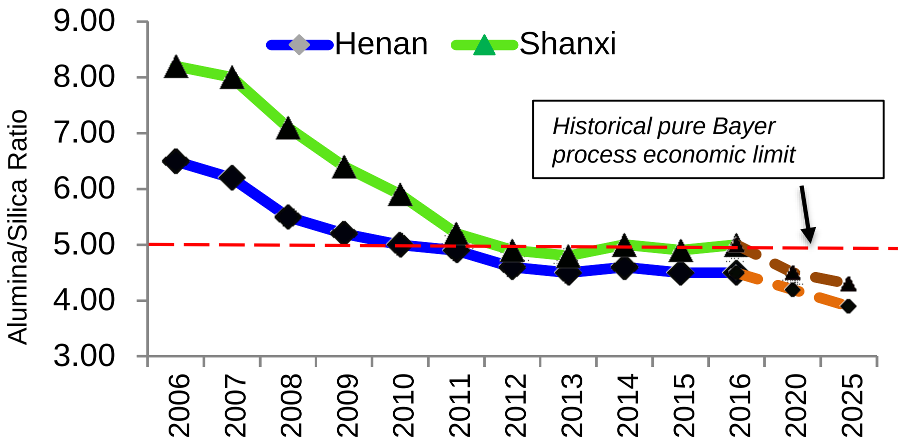
		Short Term	Medium Term	Long Term
Bauxite price	− Low cost supply from Indonesia, Malaysia and/or Vietnam	↓	↓	
	− Increasing supplies from Guinea or Brazil at higher cost	↑	↑	↑
	− Higher freight rates (due to increased bauxite shipping, availability of ships and fuel increases)		↑	↑
	− Ongoing difficulties accessing bauxite in India as its smelting expands	↑	↑	
	− Social licence requiring more sustainable practice in developing countries supplying bauxite	↑	↑	↑
Alumina price	− Chinese environmental policy (in particular coal usage, red mud)	↑	↑	↑
	− Yuan devaluation	↓		
	− Low cost technology breakthrough on low A:S bauxite or fly ash			↓
	− Chinese Government curbing uncompetitive industry capacity	↑	↑	
	− Disorderly outflow of high aluminium stocks	↓	↓	

Chinese bauxite imports

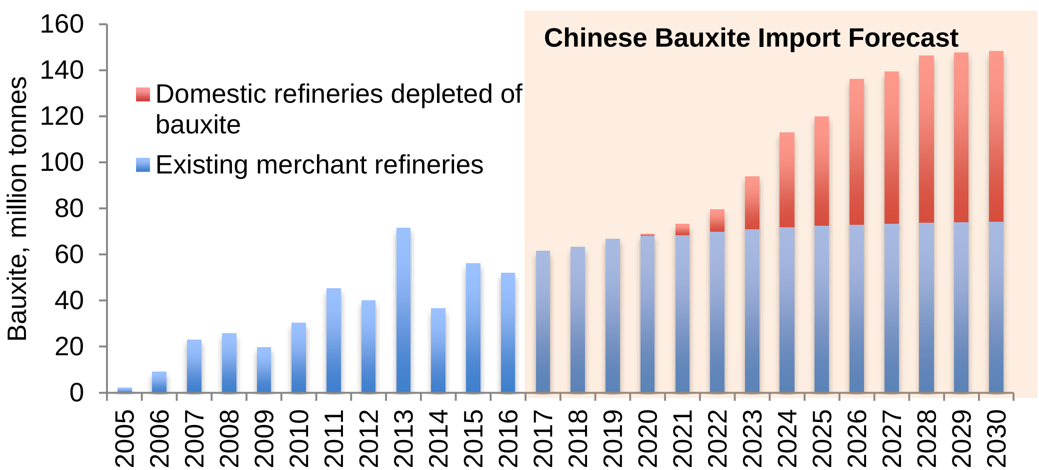
Forecast to grow by 68mtpa by 2025



Declining domestic bauxite quality adding to growth

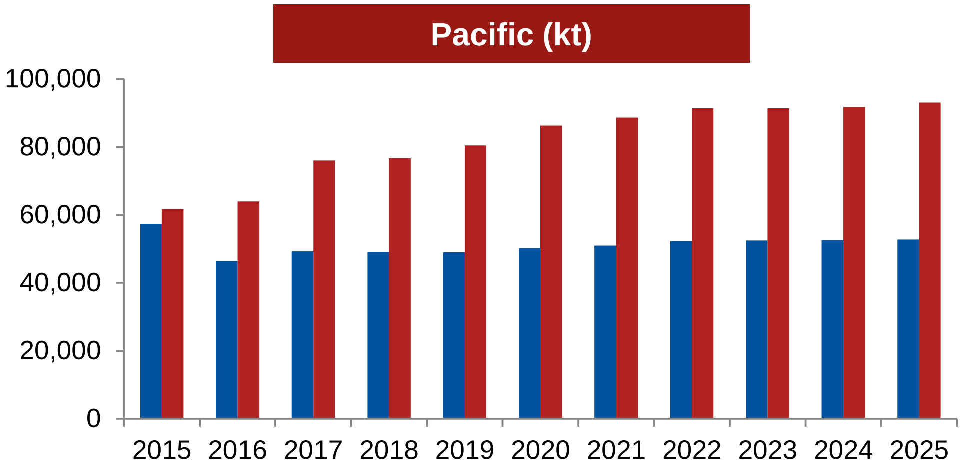
Decline affecting key alumina producing provinces

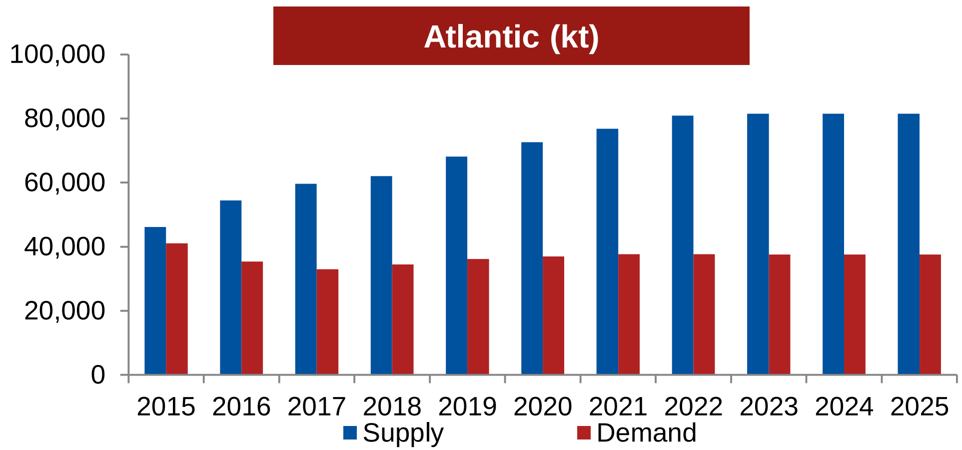
Shanxi, Henan likely to relocate refining largely to coast (e.g. Shandong, Liaoning, Guangxi)



Source: Top: CM Group, January 2017
Bottom: CM Group, February 2017

Third party bauxite balance
Atlantic bauxite meeting shortfall in Pacific





Cost of third party bauxite expected to increase

Chinese bauxite imports forecast to grow sharply from 2020

More large-scale greenfields mines with reliable supply needed

Base supply from Pacific, likely at higher cost, given social pressures

Guinea likely marginal supplier to China, given deposits and grades

Atlantic bauxite freight rate exposure; foreign exchange impacts

Alumina production to shift

Main growth forecast to be in Asia and Middle East closer to smelting growth

Source: CRU, January 2017

Malaysian moratorium on mining
Extended to 30 June 2017

Loading bauxite from stockpile in Kuantan, April 2017

Roads to Kuantan Port, April 2017

Miners with a permit are allowed to export

Bauxite exports are expected to be up to c.8.0mtpa

Washing is prohibited in Kuantan

Mining costs have risen and prices are low

Margins are too thin, especially given grade variability

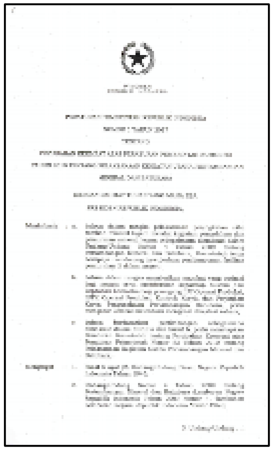
The moratorium is working

Exports are much less than high of 24mtpa (Kuantan 2015)

The government is collecting its taxes

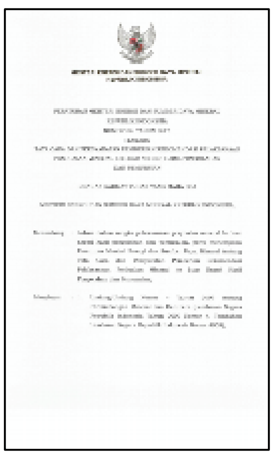
The environment is clean by comparison

Indonesian export ban
Temporary relaxation

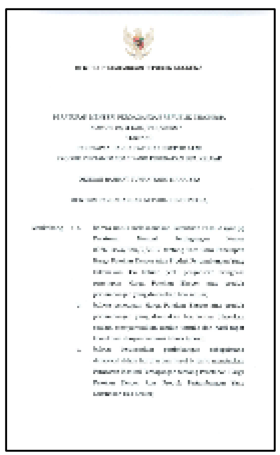


Government Regulation No.1/2017

ESDM No.6/2017



ESDM No.5/2017



Ministry of Trade No.19/2017

Temporary relaxation and not a lifting of the ban

Relaxes the ban for five years

Very specific and tight regulatory requirements

Benchmark bauxite prices established to calculate taxes

Objectives of government

Increase investment in infrastructure

Increase the participation of locals and generate jobs

Protect the environment

Generate more tax revenue

Incentivise value-add projects

Government Regulation No. 1, *effectively relaxed the ban*
ESDM Decree No.5 & 6*, further explains the conditions for exports*
Ministry of Trade No. 19, *presents Benchmark Prices*

Indonesian export ban
Temporary relaxation

Antam's CGA project (PT ICA) in Tayan, Indonesia
Source: PT ICA

PT Well Harvest Winning Alumina Refinery in Kendawangan, Indonesia
Source: CM Group

Licensee who has or will build value-add plant can export

Must be a direct shareholder of the value-add project

Only two existing projects that could qualify

Only washed bauxite can be exported

Minimum Al_2O_3 = 42%

Existing projects represent c.4mtpa of potential exports

Independent companies to monitor progress of value-add projects

New value-add projects with genuine intention to build will be allowed to export bauxite

Evaluations against key milestones will be performed

Must achieve at least 90% of the assessed milestone

Aluminium demand remains strong

Led by transportation and construction

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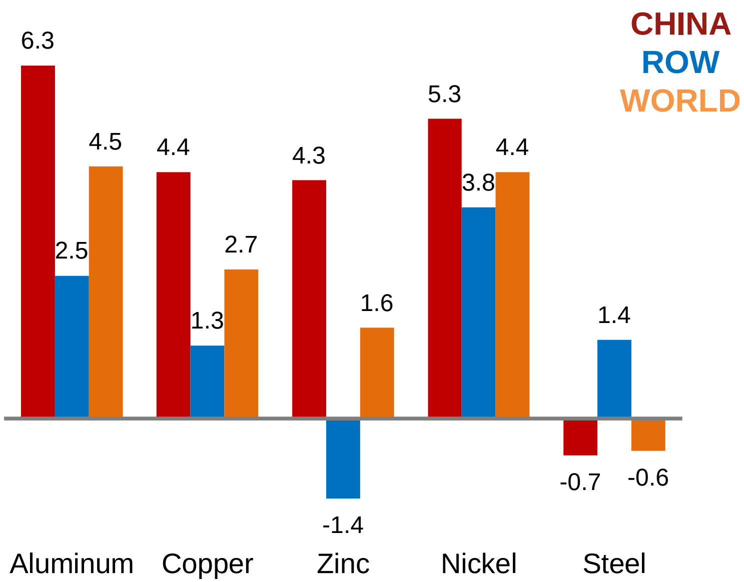
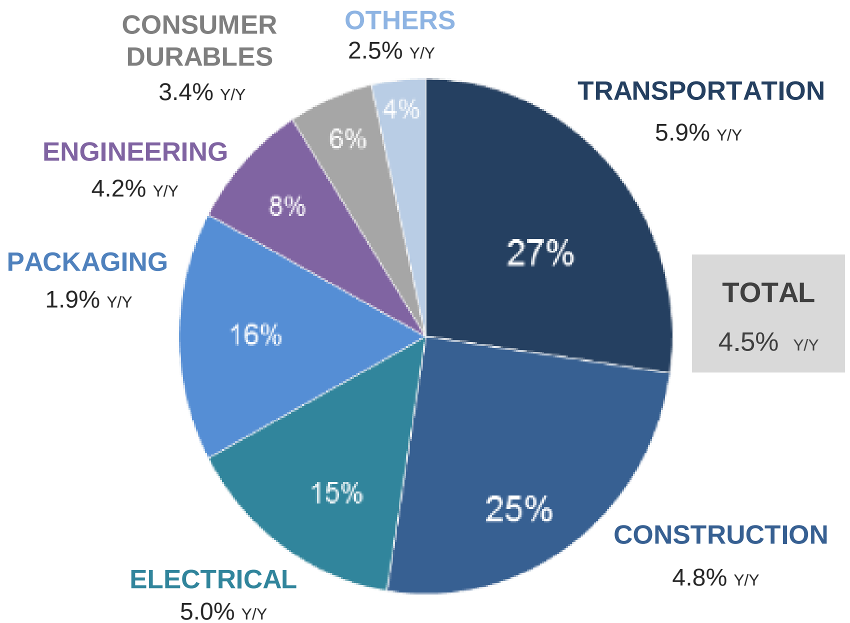
2016 Annual Consumption Growth by Metal %



2016 Global Aluminium Consumption Growth by End Use Sector



Source: HARBOR Aluminium, February 2017

Announced refinery projects
Modest supply growth outside of China

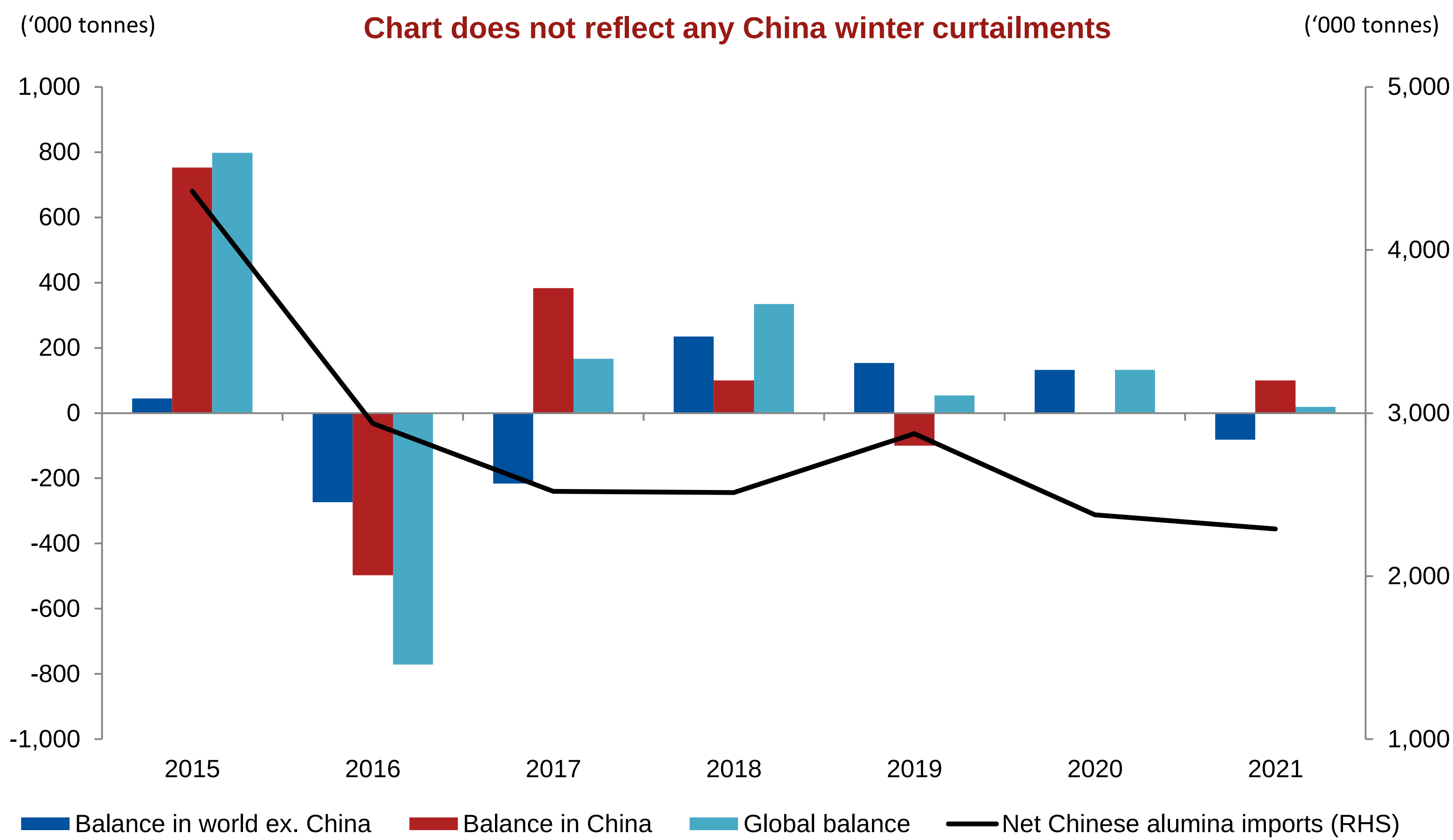
Upcoming Alumina Growth Projects

REGION	COUNTRY	COMPANY	LOCATION	2017	2018	2019	2020	TYPE	Comments
	UAE	Emirates Global Aluminum	KIZAD, Al Taweelah		2,000			Greenfield	First phase set to be completed in 2018. A Phase II could double capacity to 4.0 million tpy.
Asia exc China	Indonesia	Hongqiao Well Harvest Winning Alumina	Ketapang, West Kalimantan	1,000				Greenfield	Phase I started operating late 2015. Ramp up to full capacity in 2016. Second 1mt phase was scheduled for 2017 but has not been committed to.
		Inalum/Antam/Chalco	West Kalimantan			1,000	1,000	Greenfield	The refinery is planned to hit the market in 2019-2020.
	Laos	Yunnan Aluminum	Paksong		1,000			Greenfield	The company obtained approval from China's NDRC to build the project in Laos. Yunnan is currently waiting for the green-light from the Laotian government.
China	China	China Various Greenfield	Various	500	7,200	800	0	Greenfield	
	China	China Various brownfield	Various	3,700	0	0	0	Brownfield	
			TOTAL WORLD	5,200	10,200	1,800	1,000		
			TOTAL CHINA	4,200	7,200	800	0		
			TOTAL ROW	1,000	3,000	1,000	1,000		

Source: HARBOR Aluminium, April 2017

Alumina balance

Asia smelting growth to keep alumina market tight



Source: CRU, March 2017

Potential China curtailments
Seeking to reduce haze and smog in Northern China

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Beijing Smog, January 2017

Million tonnes	Alumina	Aluminium
Production 2017	68.2	36
Affected annual production	27.2	10.6
30% Cut	8.2	3.2
Net effect (4 months)	2.7	1.1

Source: CM Group

Ministry of Environmental Protection proposing curtailments

30% reduction in aluminium and alumina production

Curtailment to be during the winter heating season

Affects Beijing, Tianjin, Hebei and surrounding areas

Alumina cuts expected to exceed aluminium's

MEP proposal to affect key alumina provinces

Net effect could be 2.7 to 3.4 mt of alumina lost[1]

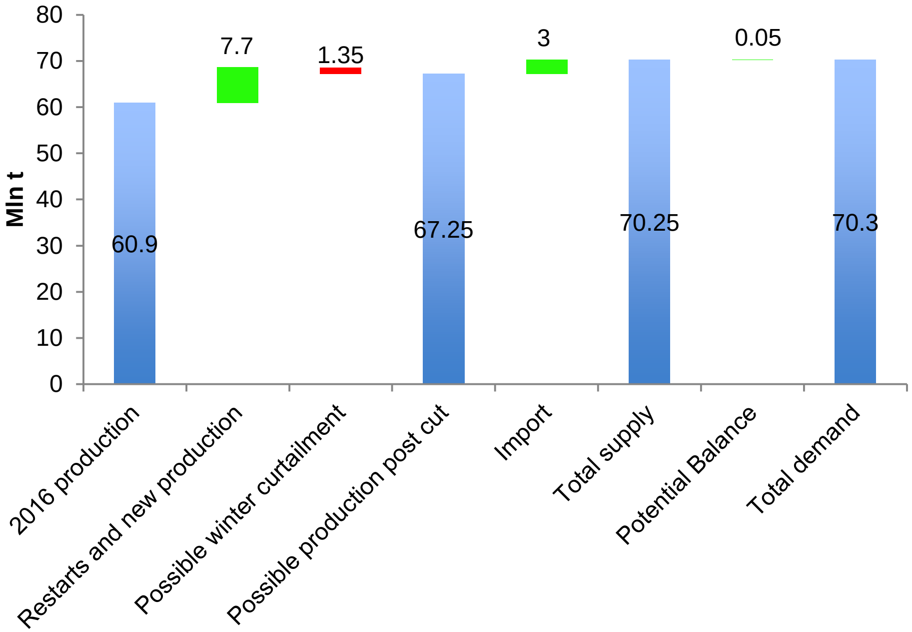
High utilisation rates reduce opportunity to ramp up elsewhere

[1] *Net effect over the winter heating period of 4-5 months*

Potential China curtailments

Seeking to reduce haze and smog in Northern China

2017 China Alumina Balance



Assuming winter cut takes full effect (2 months in 2017)

Potential industry actions and impacts

SOEs likely to enact final curtailment proposal

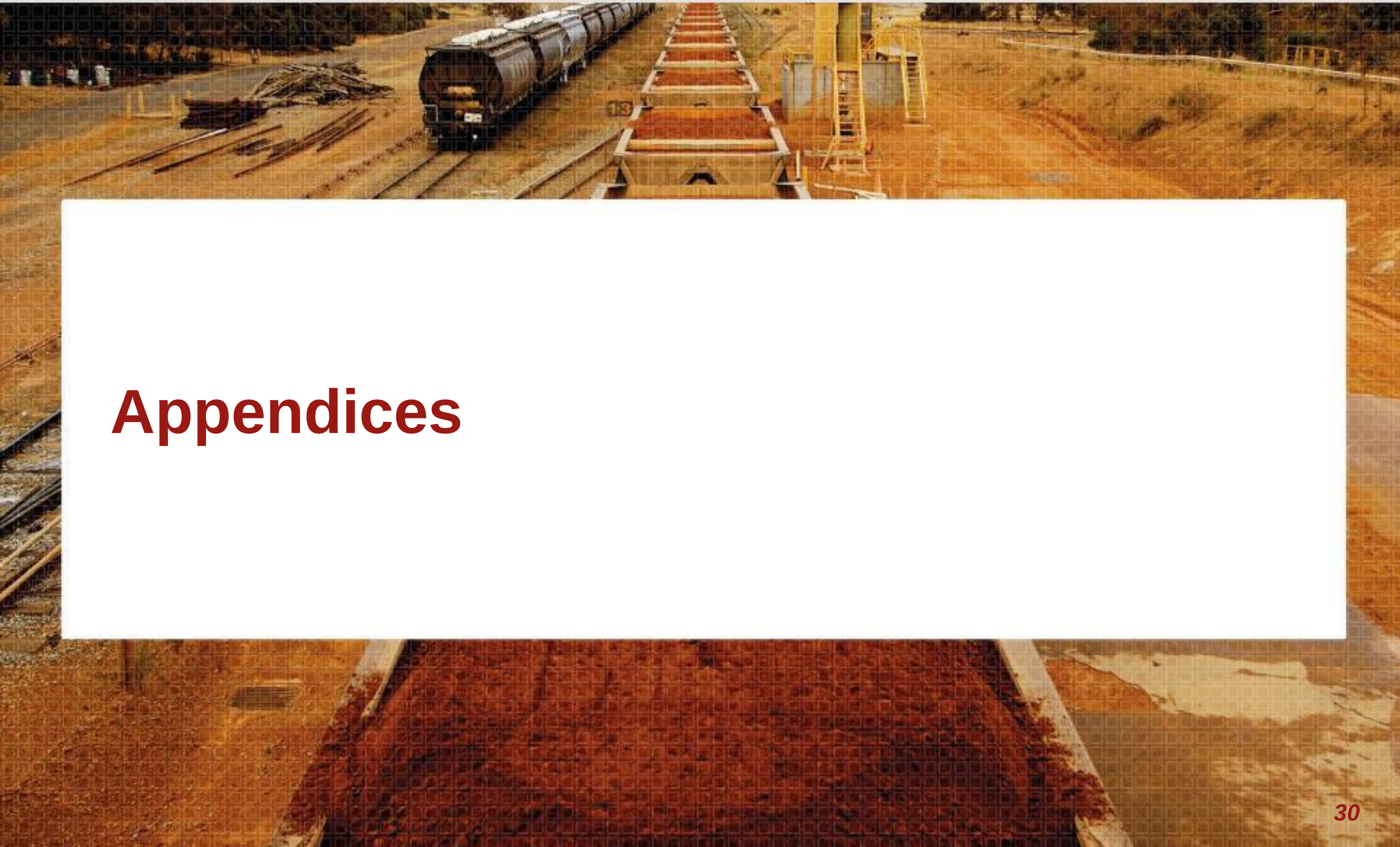
Small, high cost private companies could close

Large private companies could lobby for change

Expansion or relocation plans could change

Production costs could increase

Source: CM Group



Appendices

AWAC

Alumina refinery portfolio

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Country	Refinery	Ownership	AWAC share of nameplate capacity [(1)] (MTPY)	Percentage of AWAC total nameplate capacity	Bauxite mine integration
Australia	Kwinana Pinjarra Wagerup	AWAC (100%)	2.2 4.2 2.6	63%	✓
Brazil	Sao Luis	AWAC (39%) Rio Tinto Alcan Inc (10%) Aluminio (15%) South32 (36%)	1.4	10%	✓
Spain	San Ciprian	AWAC (100%)	1.5	11%	[2]
US	Point Comfort [3]	AWAC (100%)	2.3	16%	[2]
Total			**14.2**	**100%**	

AWAC's share of Ma'aden alumina refinery nameplate capacity is 450,000 tonnes and is expected to be at full operating capacity in 2017

(1) Nameplate capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production. Excludes additional creep opportunities.
(2) Bauxite is supplied from mines in which AWAC has an equity interest
(3) The refining capacity at Pt Comfort was fully curtailed by 30 June 2016.

Key bauxite/alumina freight routes

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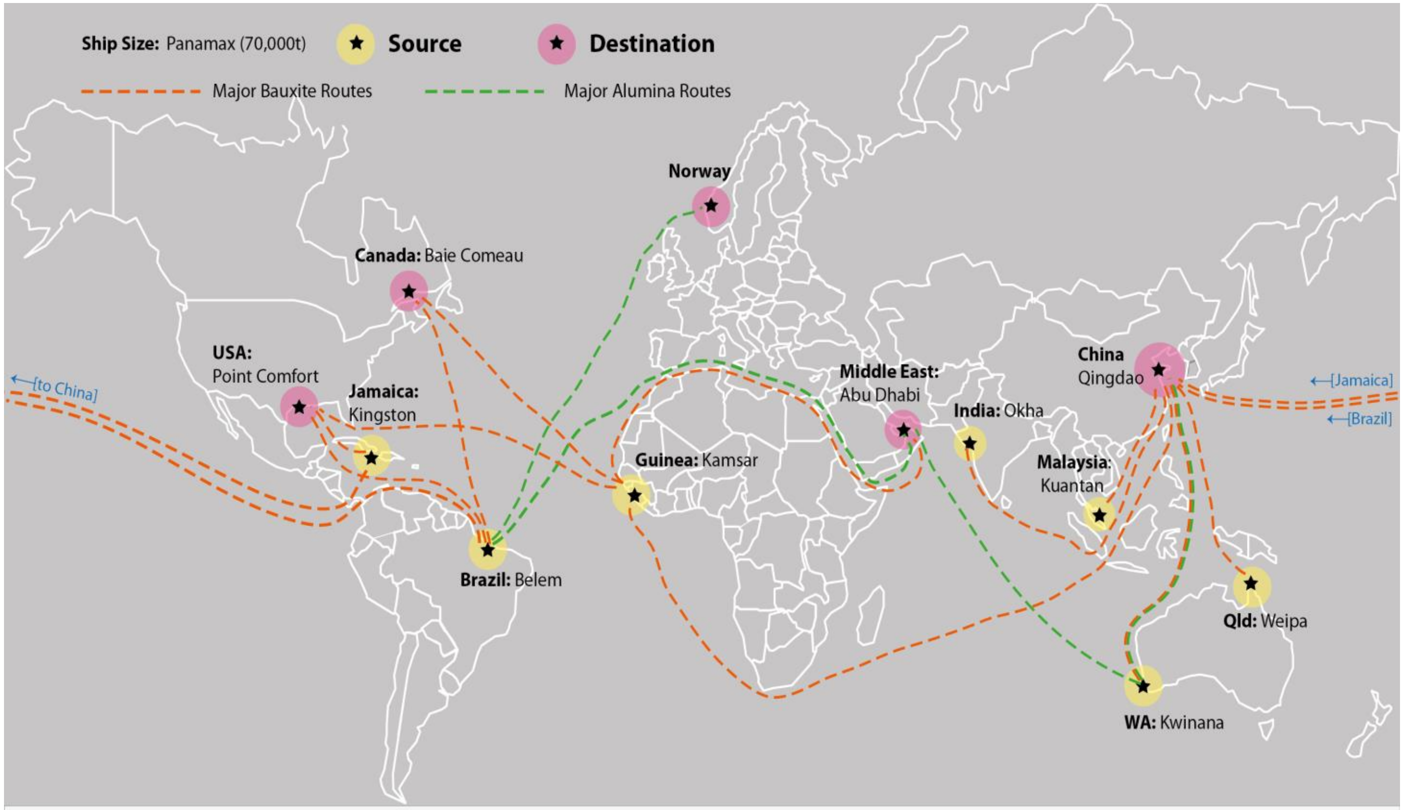


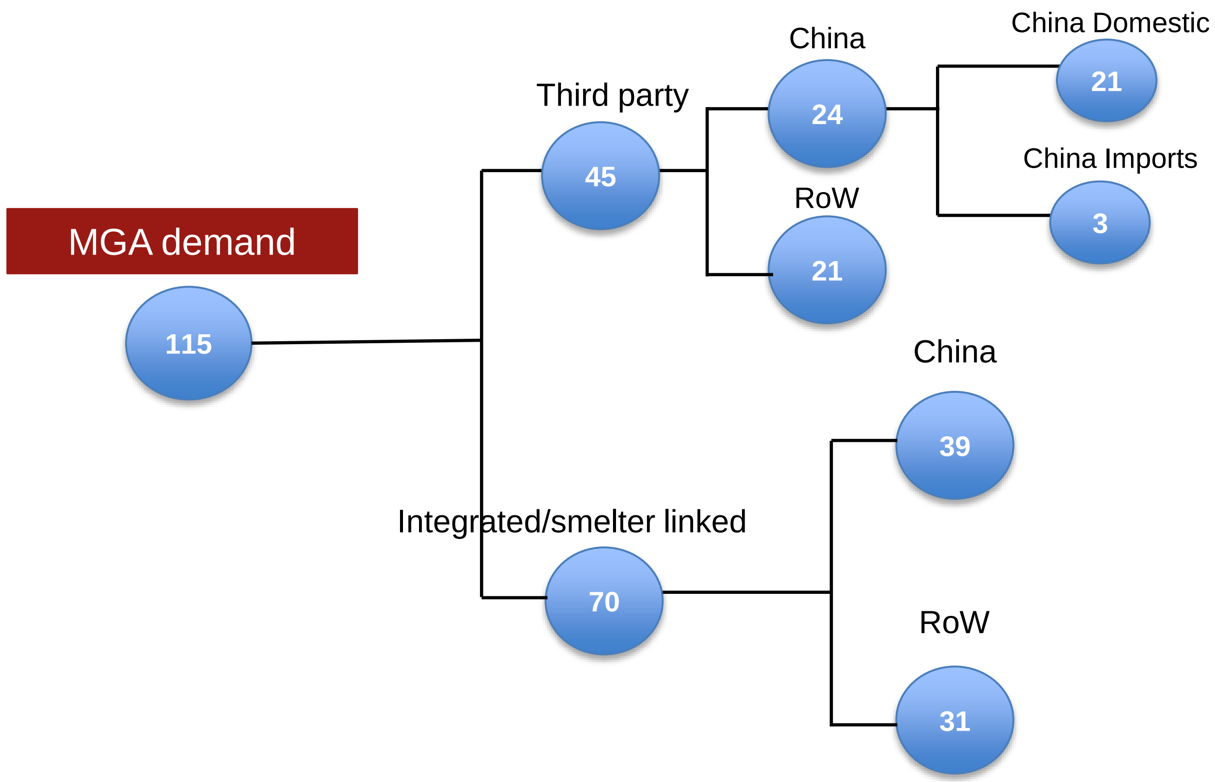
Source	Destination	Distance	Avg. Q4 2016 Freight (US$/wmt)
WA	Middle East	5,056	9.85
Guinea	Middle East	6,612	13.70
Brazil	Middle East	8,116	15.84
Jamaica	USA	1,283	3.85
Brazil	USA	3,368	7.04
Guinea	USA	4,773	9.68
Guinea	Canada	3,542	7.66
Brazil	Canada	3,318	6.96

Source	Destination	Distance	Avg. Q4 2016 Freight (US$/wmt)
WA	- China	4,216	8.47
Qld	- China	3,280	6.82
Guinea	- China	11,128	20.11
Brazil	- China	11,184	24.24
Jamaica	- China	9,156	21.14
Malaysia	- China	2,604	6.82
India	- China	5,118	10.44
Brazil	- Europe (Norway)	5,745	10.95

Source: CM Group, January 2017

2016 Metallurgical Grade Alumina Market

Overview



Source: CRU, January 2017 (rounded to nearest million tonnes)

2016 Bauxite Market
Overview

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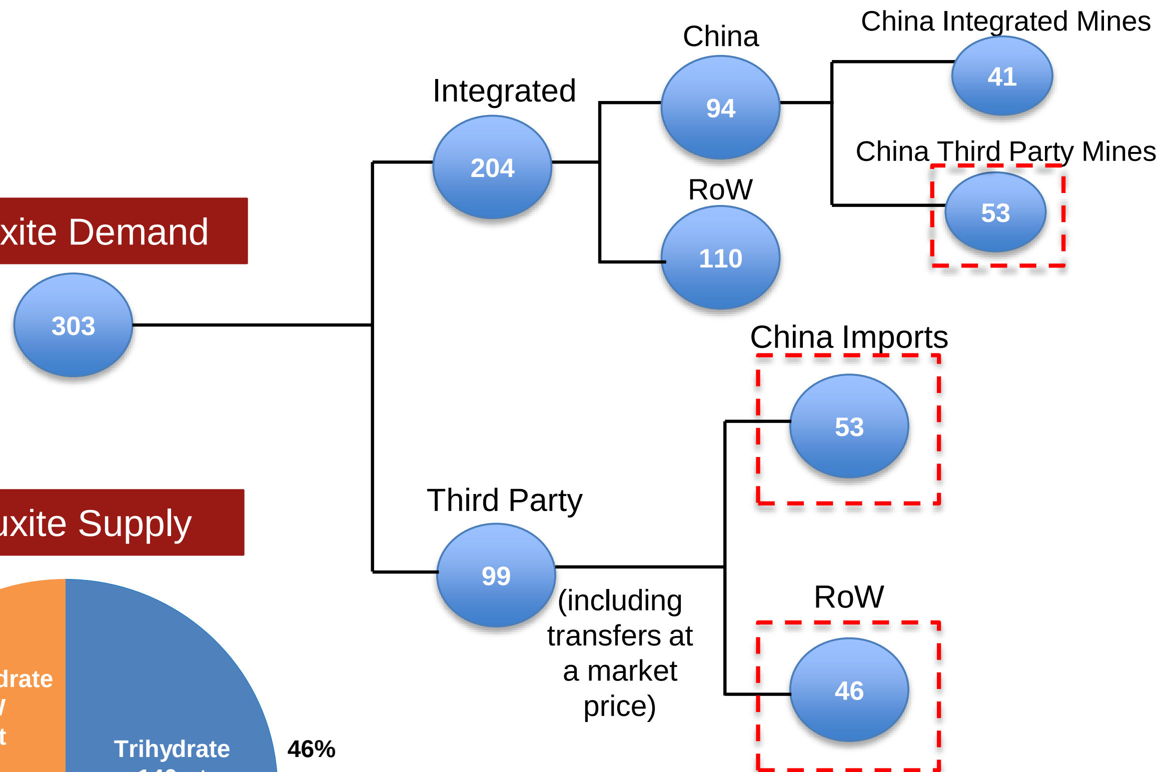
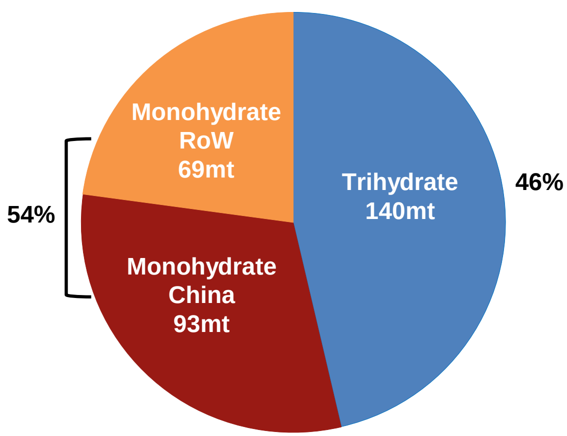
Bauxite Demand



Bauxite Supply



Source: CRU, December 2016