

2020 Half-Year Result

- ALUMINA NPAT US\$90.5 MILLION
- INTERIM DIVIDEND 2.8 US CENTS PER SHARE

Alumina Limited (ASX:AWC) ("Alumina" or "Company") today reported a statutory net profit after tax of US\$90.5 million for the half-year to 30 June 2020. Excluding significant items, the net profit after tax was US\$87.5 million. The Company declared an interim, fully franked dividend of 2.8 US cents per share. The Company's dividend reinvestment plan has been reactivated for this dividend.

Alumina's Chief Executive Officer, Mike Ferraro, said, "The health and safety of employees is paramount at Alumina and AWAC, and this has never been more important than during the COVID 19 pandemic. AWAC acted early to safeguard employees and operations and as a result was able to not only maintain production, but achieve a daily production record for the half. AWAC's low cost production has resulted in a cash margin of US\$73 per tonne for the first half and has averaged \$91 per tonne since the start of the alumina price index in 2010. Consistent cash generation at AWAC, combined with Alumina's strong balance sheet, means that our enterprise is resilient to shocks and market disruptions and that is reflected in the half year financial performance. Once again, the interim dividend delivers an excellent return to shareholders.

"Primary aluminium demand fell over the first half of 2020 as a result of the pandemic but over the full year aluminium production is expected to be stable. Due to a recent supply disruption in Brazil the global alumina market is expected to be in deficit by around 1.1 million tonnes this year. In the first half there was an increase in aluminium inventories and that is expected to continue in the second half, although at a slower rate as economies slowly recover. The alumina spot price has moved off the lows of April 2020 and has recently increased to US\$288 per tonne following the supply disruption."

AWAC HIGHLIGHTS

- Cash cost per tonne of alumina produced improved by 11% per tonne compared to the previous corresponding period and 4% sequentially
- Record daily alumina production for the half
- EBITDA of US\$507.1 million, a decrease of US\$442.8 million
- Excluding significant items AWAC's EBITDA was US\$493.5 million, a decrease of US\$487.6 million
- Margin for alumina refineries was US\$73 per tonne, a decrease of US\$84 per tonne compared to the previous corresponding period and US\$24 per tonne sequentially
- Net cash inflows¹ of US\$200.1 million, a decrease of US\$182.3 million

KEY FINANCIALS

ALUMINA LIMITED KEY FINANCIALS	US\$ MILLION			AWAC ² KEY FINANCIALS (US GAAP)	US\$ MILLION		
	HY 2020	HY 2019	Change		HY 2020	HY 2019	Change
Net profit after tax	90.5	210.9	Down 57%	Net profit after tax	246.0	552.3	Down 55%
Net profit after tax excluding significant items	87.5	219.5	Down 60%	EBITDA ³	507.1	949.9	Down 47%
Net receipts from AWAC	89.9	265.5	Down 66%	EBITDA excluding Significant Items	493.5	981.1	Down 50%
Free cash flow available for dividends	81.1	255.3	Down 68%	Net cash inflow ¹	200.1	382.4	Down 48%
Closing net debt/(cash)	77.4	54.8			US\$ / TONNE		
Interim dividend (US cps)	2.8	4.4	Down 36%	Average realised price of alumina	266	375	Down 29%
				Cash cost per tonne of alumina produced	193	218	Down 11%

ASX ANNOUNCEMENT

25 AUGUST 2020

DEFINITIONS AND NOTES

1. AWAC net cash inflow is defined as cash flow before distributions less capital contributions from partners
2. AWAC is Alcoa World Alumina & Chemicals, which is 40% owned by Alumina Limited and 60% owned by Alcoa Corp.
3. Earnings before interest, tax, depreciation and amortisation consistent with previous periods

Neither Alumina nor any other person warrants or guarantees the future performance of Alumina or any return on any investment made in Alumina securities. This document may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance and distributions, and statements regarding Alumina's future developments and the market outlook, are also forward-looking statements.

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina's Annual Report 2019. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

This presentation contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior year and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate or can be found in the Alumina Limited's ASX Full-Year Report for the period ended 30 June 2020.



Stephen Foster
Company Secretary

25 August 2020**FOR INVESTOR ENQUIRIES:**

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ASX HALF-YEAR PRELIMINARY FINAL REPORT

Alumina Limited

ABN 85 004 820 419

30 June 2020

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with
the 31 December 2019 Annual Report.

ALUMINA
LIMITED

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

The Company invests worldwide in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of Alcoa World Alumina and Chemical (AWAC). Alcoa Corporation (Alcoa) owns the remaining 60% of AWAC, and is the manager.

The ASX half-year report (interim report) covers the consolidated entity consisting of Alumina Limited and its subsidiaries (the Group). All financial data is presented in US dollars, unless otherwise specified.

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Results for Announcement to the Market

NET PROFIT/(LOSS)

		CHANGE	US\$ MILLION
Revenue from continuing operations	Down	95%	0.1
Net profit from continuing operations after tax attributable to members of Alumina Limited	Down	57%	90.5
Net profit for the half-year attributable to members of Alumina Limited	Down	57%	90.5

DETAILS RELATING TO DIVIDENDS

	AMOUNT PER SHARE ¹ US CENTS	TOTAL AMOUNT PAID/PAYABLE US\$ MILLION
2019 Final dividend (paid 17 March 2020)	3.6	103.7
2020 Interim dividend (declared on 25 August 2020)	2.8	80.6

¹ All dividends are fully franked at 30% tax rate. Interim dividend amount has not been recognised as a liability as at 30 June 2020.

	INTERIM DIVIDEND DATE
Record date	1 September 2020
Payment date	25 September 2020

Dividend Reinvestment Plan (DRP)

In August 2020 the directors approved the recommencement of the Company's Dividend Reinvestment Plan. The Dividend Reinvestment Plan will apply to the 2020 interim dividend. DRP shares will be issued to shareholders at 1.5% discount. The last date for the receipt of an election notice for participation in the dividend reinvestment plan is 2 September 2020.

	A\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	YEAR ENDED 31 DECEMBER 2019
Franking Account Balance	382.9	383.5

NET TANGIBLE ASSET BACKING PER SECURITY

	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Net assets (US\$ million)	1,596.4	1,944.4
Less equity accounted intangible assets:		
Goodwill (US\$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US\$ million)	66.9	68.5
Net tangible assets (US\$ million)	1,353.7	1,700.1
Number of issued ordinary shares (including treasury shares)	2,879,843,498	2,879,843,498
Net tangible asset backing per ordinary security (US\$)	0.47	0.59

SIGNIFICANT ITEMS AFFECTING NET PROFIT OR LOSS

The net profit/(loss) of Alumina Limited includes the Company's equity share of the half-year results of AWAC. The Company's net profit/(loss) was affected by its equity share of net (charge)/income relating to significant items contained within AWAC's results. For further details refer to page 23.

Condensed Interim Consolidated Financial Report

DIRECTORS' REPORT

The Directors of Alumina Limited present their report on the consolidated entity consisting of Alumina Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

DIRECTORS

The following persons were directors of Alumina Limited during the whole of the half-year and up to the date of this report, unless otherwise indicated:

NON-EXECUTIVE

W P Day (Chairman)
E R Stein
C Zeng
D O'Toole
J A Bevan
S E In't Veld (appointed 3 August 2020)

EXECUTIVE

M P Ferraro

PRINCIPAL ACTIVITIES

The principal activity of the Group is its 40 per cent interest in the series of operating entities forming the AWAC joint venture. AWAC has interests in bauxite mining, alumina refining, and aluminium smelting. There have been no significant changes in the nature of this activity.

REVIEW OF OPERATIONS

The half-year financial results of Alumina Limited include the half-year results of AWAC and associated corporate activities.

The Group's half-year net profit after tax attributable to members of Alumina Limited was US\$90.5 million (1H 2019: US\$210.9 million).

For further information on the operations of the Group during the half-year ended 30 June 2020 and the results of these operations, refer to pages 19-26.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 7.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. Amounts in this Directors' Report and Financial Report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument, except where otherwise required.

This Report is made in accordance with a resolution of the Directors.



MIKE FERRARO
Director
Melbourne
25 August 2020



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Alumina Limited for the half-year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Alumina Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'JO', is positioned to the left of the printed name and title.

JOHN O'DONOUGHUE
Partner
PricewaterhouseCoopers
25 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Revenue from continuing operations	0.1	2.2
Share of net profit of associates accounted for using the equity method	98.5	219.0
General and administrative expenses	(5.9)	(5.3)
Change in fair value of derivatives/foreign exchange losses	–	(0.7)
Finance costs	(2.2)	(4.3)
Profit before income tax	90.5	210.9
Income tax expense	–	–
Profit for the year attributable to the owners of Alumina Limited	90.5	210.9
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss</i>		
Share of reserve movements accounted for using the equity method	(14.0)	13.2
Foreign exchange translation difference	(145.6)	1.7
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurements of retirement benefit obligations accounted for using the equity method	(12.5)	(10.6)
Other comprehensive (loss)/income for the year, net of tax	(172.1)	4.3
Total comprehensive (loss)/income for the year attributable to the owners of Alumina Limited	(81.6)	215.2

EARNINGS PER SHARE (EPS)¹

	US CENTS	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Basic EPS	Positive 3.1	Positive 7.3
Diluted EPS	Positive 3.1	Positive 7.3

¹ For further details refer to page 14.

CONSOLIDATED BALANCE SHEET

	US\$ MILLION	
	30 JUNE 2020	31 DECEMBER 2019
CURRENT ASSETS		
Cash and cash equivalents	32.6	15.2
Other assets	1.6	1.8
Total current assets	34.2	17.0
NON-CURRENT ASSETS		
Investment in associates	1,673.8	1,836.8
Total non-current assets	1,673.8	1,836.8
TOTAL ASSETS	1,708.0	1,853.8
CURRENT LIABILITIES		
Payables	0.4	0.9
Provisions	0.4	0.3
Other liabilities	0.2	-
Total current liabilities	1.0	1.2
NON-CURRENT LIABILITIES		
Borrowings	110.0	70.0
Provisions	0.6	0.5
Total non-current liabilities	110.6	70.5
TOTAL LIABILITIES	111.6	71.7
NET ASSETS	1,596.4	1,782.1
EQUITY		
Contributed equity	2,682.9	2,682.9
Treasury shares	(1.2)	(0.8)
Reserves	(1,443.5)	(1,283.9)
Retained earnings	358.2	383.9
TOTAL EQUITY	1,596.4	1,782.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	US\$ MILLION			
	CONTRIBUTED EQUITY ¹	RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 1 January 2019	2,681.7	(1,252.0)	706.1	2,135.8
Profit/(loss) for the half-year	–	–	210.9	210.9
Other comprehensive income/(loss) for the half-year	–	14.9	(10.6)	4.3
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(406.1)	(406.1)
Movement in treasury shares	(0.2)	–	–	(0.2)
Movement in share based payments reserve	–	(0.3)	–	(0.3)
Balance as at 30 June 2019	2,681.5	(1,237.4)	500.3	1,944.4
Balance as at 1 January 2020	2,682.1	(1,283.9)	383.9	1,782.1
Profit/(loss) for the half-year	–	–	90.5	90.5
Other comprehensive income/(loss) for the half-year	–	(159.6)	(12.5)	(172.1)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(103.7)	(103.7)
Movement in treasury shares	(0.4)	–	–	(0.4)
Balance as at 30 June 2020	2,681.7	(1,443.5)	358.2	1,596.4

¹ Treasury shares have been deducted from contributed equity.

CONSOLIDATED STATEMENT OF CASH FLOWS

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(5.9)	(5.7)
GST refund received	0.3	0.3
Dividends received from associates	103.7	234.2
Finance costs paid	(2.1)	(4.9)
Interest paid under cross currency interest rate swap	–	(2.4)
Interest received under cross currency interest rate swap	–	2.4
Other	0.1	1.7
Net cash inflow/(outflow) from operating activities	96.1	225.6
Cash flows from investing activities		
Payments for investments in associates	(16.4)	(20.8)
Proceeds from return of invested capital	2.6	52.1
Net cash inflow/(outflow) from investing activities	(13.8)	31.3
Cash flows from financing activities		
Proceeds from borrowings	165.0	60.0
Repayment of borrowings	(125.0)	(60.0)
Payment for shares acquired by the Alumina Employee Share Plan	(0.9)	(0.9)
Dividends paid	(103.7)	(406.1)
Net cash inflow/(outflow) from financing activities	(64.6)	(407.0)
Net increase/(decrease) in cash and cash equivalents	17.7	(150.1)
Cash and cash equivalents at the beginning of the half-year	15.2	183.8
Effects of exchange rate changes on cash and cash equivalents	(0.3)	(0.7)
Cash and cash equivalents at the end of the half-year	32.6	33.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

This condensed Interim Consolidated Financial Report for the half-year ended 30 June 2020 has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4D and in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed Interim Consolidated Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Alumina Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of new or amended standards, such as AASB 3 *Business Combinations*, AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* became applicable for the current reporting period.

The standards did not have any material impact on the Group's accounting policies and did not require current period or retrospective adjustments.

SEGMENT INFORMATION

Alumina Limited's sole business undertaking is in the global bauxite, alumina and aluminium industry, which it conducts primarily through bauxite mining and alumina refining. All of those business activities are conducted through its 40% investments in AWAC entities. Alumina Limited's equity interest in AWAC forms one reportable segment.

The equity interest in AWAC is represented by investments in a number of entities in different geographical locations. The total assets other than investment in associates and total liabilities are broken down by location.

HALF-YEAR ENDED 30 JUNE 2020	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,085.1	450.3	125.7	12.7	1,673.8
Assets	33.6	0.3	—	0.3	34.2
Liabilities	(111.6)	—	—	—	(111.6)
Consolidated net assets	1,007.1	450.6	125.7	13.0	1,596.4

YEAR ENDED 31 DECEMBER 2019	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,118.1	570.6	114.0	34.1	1,836.8
Assets	7.3	9.5	—	0.2	17.0
Liabilities	(71.7)	—	—	—	(71.7)
Consolidated net assets	1,053.7	580.1	114.0	34.3	1,782.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

RECONCILIATION OF CASH

	US\$ MILLION	
	30 JUNE 2020	30 JUNE 2019
Reconciliation of cash at the end of the half-year (as shown in the consolidated statement of cash flows) as follows:		
Cash on hand and at bank	2.1	15.1
Money market deposits (with maturities on investment three months or less)	30.5	17.9
Total cash and cash equivalents at the end of the half-year	32.6	33.0

NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no non-cash financing and investing activities during the period.

INCOME TAX

Income tax expense is recognised based on an estimate of the weighted average effective annual income tax rate expected for the full financial year.

The significant majority of the Group's expected taxable income relates to Australian dividend income from the Group's investments in AWAC. Under Australian income tax law, the Group is entitled to reduce its tax payable by claiming credits (franking credits) in relation to Australian dividend income. This is to prevent double taxation, as Australian tax has been paid by Alcoa of Australia Limited (an AWAC entity) on its operating income.

Based on the above, the estimated average annual tax rate used for the half-year to 30 June 2020 is 0% (for the half-year to 30 June 2019: 0%).

DIVIDENDS

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Dividends provided for or paid during half-year	103.7	406.1
Dividends not recognised at the end of the half-year	80.6	126.7

On 10 August 2020, Alumina Limited decided to recommence its dividend reinvestment plan (DRP), which was suspended in February 2016. Under the DRP, shareholders may elect to have all, a portion, or none of their dividends invested in new shares issued by the Company.

The Dividend Reinvestment Plan will apply to the 2020 interim dividend. DRP shares will be issued to shareholders at 1.5% discount. The last date for the receipt of an election notice for participation in the dividend reinvestment plan is 2 September 2020.

EQUITY SECURITIES ISSUED

There were no issues of ordinary shares during the half-years ended 30 June 2020 and 30 June 2019.

MOVEMENT IN TREASURY SHARES

Treasury shares are Alumina Limited shares held by the Alumina Employee Share Plan Trust for the purposes of issuing shares under the Alumina Employee Share Plan.

	NUMBER OF SHARES		US\$	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Balance brought forward	435,368	689,267	786,253	1,247,997
Shares acquired by Alumina Employee Share Plan Pty Ltd	944,500	484,500	928,073	874,248
Employee performance rights vested	(306,401)	(409,519)	(553,047)	(735,895)
Total treasury shares	1,073,467	764,248	1,161,279	1,386,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

EARNINGS PER SHARE

	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Profit attributable to the ordinary equity holders of the Company in the calculation of basic and diluted EPS (US\$ million)	90.5	210.9
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted EPS	2,879,257,155	2,879,193,892
Basic EPS (US cents)	Positive 3.1	Positive 7.3
Diluted EPS (US cents)	Positive 3.1	Positive 7.3

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN LOST OR GAINED

There was no loss or gain of control for the half-years ended 30 June 2020 and 30 June 2019.

MATERIAL INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			30 JUNE 2020	30 JUNE 2019
Alcoa of Australia Limited	Bauxite, alumina & aluminium production	Australia	40	40
Alcoa World Alumina LLC	Bauxite and alumina trading & production	America	40	40
Alumina Espanola S.A.	Alumina production	Spain	40	40
Alcoa World Alumina Brasil Ltda.	Bauxite and alumina production	Brazil	40	40
AWA Saudi Ltd.	Bauxite and alumina production	Hong Kong	40	40

AWAC CONTRIBUTION TO NET PROFIT/(LOSS) OF ALUMINA LIMITED AND CONTROLLED ENTITIES

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Revenues	2,149.3	2,807.3
Profit from continuing operations	248.0	549.3
Profit for the half-year¹	248.0	549.3
Other comprehensive income/(loss) for the half-year	(415.9)	12.9
Total comprehensive income/(loss) for the half-year	(167.9)	562.2
Group Share of profit for the half-year as a percentage	40%	40%
Group Share of profit for the half-year in dollars	99.2	219.7
Mineral rights and bauxite amortisation	(1.1)	(1.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.4	0.4
Share of profit from associate accounted for using equity method	98.5	219.0
Dividends and distributions received from AWAC²	103.7	234.2

¹ The profit for the half-years ended 30 June 2020 and 30 June 2019 include net charges relating to significant items that have affected AWAC's net profit after tax. For further details refer to the reconciliation on page 23.

² In addition to dividends and distributions, Alumina Limited also received \$2.6 million being return of invested capital in 1H 2020 (1H 2019: \$52.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

COMMITMENTS AND CONTINGENT LIABILITIES FOR AWAC

In its 2019 Annual Report, Alumina Limited (Alumina) noted that the Australian Taxation Office (ATO) has undertaken a transfer pricing examination in respect of certain historical third-party alumina sales made by Alcoa of Australia Limited (AoA) over a 20 year period. Alumina also noted that, as a result of that examination, the ATO had issued a statement of audit position (SOAP) to AoA. The SOAP proposed adjustments that would result in additional income tax payable by AoA of approximately A\$212 million, exclusive of interest and penalties.

The SOAP was the subject of an internal review process within the ATO. The ATO has completed that process, and on 7 July 2020 has issued AoA with Notices of Assessment (the Notices) in respect of this matter. The Notices assert claims for additional income tax payable by AoA of approximately A\$214 million, which is approximately A\$2 million higher than the amount previously reported by Alumina.

The Notices also include claims for compounded interest on the primary tax amount totalling approximately A\$707 million. The ATO said that it will invite AoA to provide grounds to support a remission of the interest charges and Alumina understands AoA intends to make submissions to the ATO that the interest amount should be remitted (i.e. should not be fully payable).

The ATO is also expected to assess administrative penalties and has informed AoA that its proposed position will be communicated in August 2020. AoA expects to have an opportunity to respond to the ATO's proposed position prior to receiving a formal penalty assessment. The ATO has not indicated the amount of administrative penalties it proposes to apply in this matter, and AoA is not in a position to estimate the amount, if any, at this time.

In accordance with the ATO's dispute resolution practices, on 30 July 2020, AoA paid 50% of the assessed primary income tax amount (exclusive of interest and any penalties), being approximately A\$107 million, out of cash flows. In exchange, the ATO will not seek further payment prior to final resolution of the matter.

AoA's obligation to make any further payment of this primary tax amount, or payment of any penalty or interest amount advised by the ATO, will be determined through the objection and court processes available to AoA. If AoA is ultimately fully successful, the 50% part-payment to the ATO would be refunded. Further interest on the unpaid amounts will continue to accrue during the dispute.

AoA will defend its position in respect of the ATO's Notices (and the associated interest claim and any penalty assessed), and pursue all available dispute resolution methods, up to and including the filing of court proceedings.

BORROWINGS

	US\$ MILLION	
	30 JUNE 2020	31 DECEMBER 2019
Bank loans	110.0	70.0
Fixed rate note	-	-
Total borrowings	110.0	70.0

BANK LOANS

In June 2019 Alumina Limited rolled over a tranche of the bank facility that was due to mature in July 2020 and established a new tranche under the same facility.

As a result, Alumina Limited now has a US\$350 million syndicated bank facility with tranches maturing in October 2022 (US\$100 million), July 2023 (US\$150 million), and July 2024 (US\$100 million).

As at 30 June 2020 there was US\$110 million drawn against the syndicated facility.

FIXED RATE NOTE

On 12 November 2014, Alumina Limited issued an A\$125 million face value 5.5% fixed rate note (the "Note") at a discount of A\$0.7 million. On 30 July 2019, as permitted under the terms and conditions, the Company redeemed the outstanding principal amount plus interest accrued to 30 July 2019. There was no penalty incurred to redeem the Note early. The Company also terminated, by cash settlement, the CCIRS which was used to mitigate the currency and interest rate exposure in relation to the note. The total cash required to repay the Note and the CCIRS was equivalent to US\$108.4 million plus accrued interest. The funds used to repay the Note and CCIRS were drawn down from the existing bank facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

COVID-19

The COVID-19 pandemic continues to have a significant impact on global stock markets and business activity. Despite the challenges from the pandemic, all AWAC assets continue to operate without interruption, with first priority on health and safety of all employees and communities.

In the current market environment, there is a continuing risk of fluctuations in exchange rates, disruption to the customer base and trade flows, a decline in the market prices of bauxite, alumina and aluminium and additional political and regulatory requirements; which may have a flow-on effect to the future operations of AWAC, its financial performance and its cash flows. The timing and extent of such impact and the associated recovery process is presently unknown, and no estimate of its financial effect can be made at this stage.

Alumina continues to monitor the situation by gathering and analysing its own market intelligence in addition to having ongoing discussions with our Joint Venture partner, Alcoa. Alumina also considered the potential implications of different operating and financial scenarios which might impact the Company and closely reviewed Alumina's accessible liquidity and capital structure.

During the first half of 2020, so as to be prepared for unforeseen deterioration in financial and commodity markets, we increased the Company's available cash on hand, we also decided to recommence the DRP and presently remain satisfied with the Company's low level of gearing and access to significant liquidity.

During this uncertain time Alumina continues to put the highest priority on safety of our people, by implementing strict protocols across the business. These include flexible working arrangements, including working from home, travel suspension, physical distancing (plus use of virtual meeting technology) and increased personal and premises hygiene controls. Alumina's AGM in May was held as a wholly virtual meeting.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Except as disclosed in the Note "Commitments and contingent liabilities for AWAC" on page 15, there have been no significant events occurring since 30 June 2020.

Please refer to Note "Dividends" on page 13 for the interim dividend recommended by the Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the financial statements and notes set out on pages 8 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- b) there are reasonable grounds to believe that Alumina Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



MIKE FERRARO

Director
Melbourne
25 August 2020



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALUMINA LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying Half-Year Financial Report of Alumina Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 30 June 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE HALF-YEAR FINANCIAL REPORT

The directors of the Company are responsible for the preparation of the Half-Year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the Half-Year Financial Report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Half-Year Financial Report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-Year Financial Report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Alumina Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-Year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENCE

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

CONCLUSION

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-Year Financial Report of Alumina Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PRICEWATERHOUSECOOPERS

JOHN O'DONOUGHUE
Partner
Melbourne
25 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757

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Supplementary Appendix 4D Information

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION

Consolidated Financial statements of the Group prepared in accordance with Australian Accounting Standards ("AAS") also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This supplementary information contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with the prior corresponding period and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate.

The AWAC financial information presented has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

FORWARD LOOKING STATEMENTS

Neither Alumina Limited nor any other person warrants or guarantees the future performance of Alumina Limited or any return on any investment made in Alumina Limited securities. This supplementary information may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, the future financial position, performance, distributions, and statements regarding Alumina Limited's future developments and the market outlook, are also forward-looking statements.

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina Limited and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina Limited's Annual Report 2019. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina Limited disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

REVIEW OF AWAC OPERATIONS

Alumina Limited provides its shareholders with a unique investment in globally leading bauxite mines and alumina refineries in Australia, Brazil, Spain, Saudi Arabia and Guinea through its 40% investment in the AWAC joint venture. AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia.

The current refining portfolio is comprised mostly of tier one assets that allows AWAC to generate positive returns throughout the commodity cycle. Having long life bauxite mines located close to the Australian refineries is a key competitive advantage in terms of driving a low position on the cost curve.

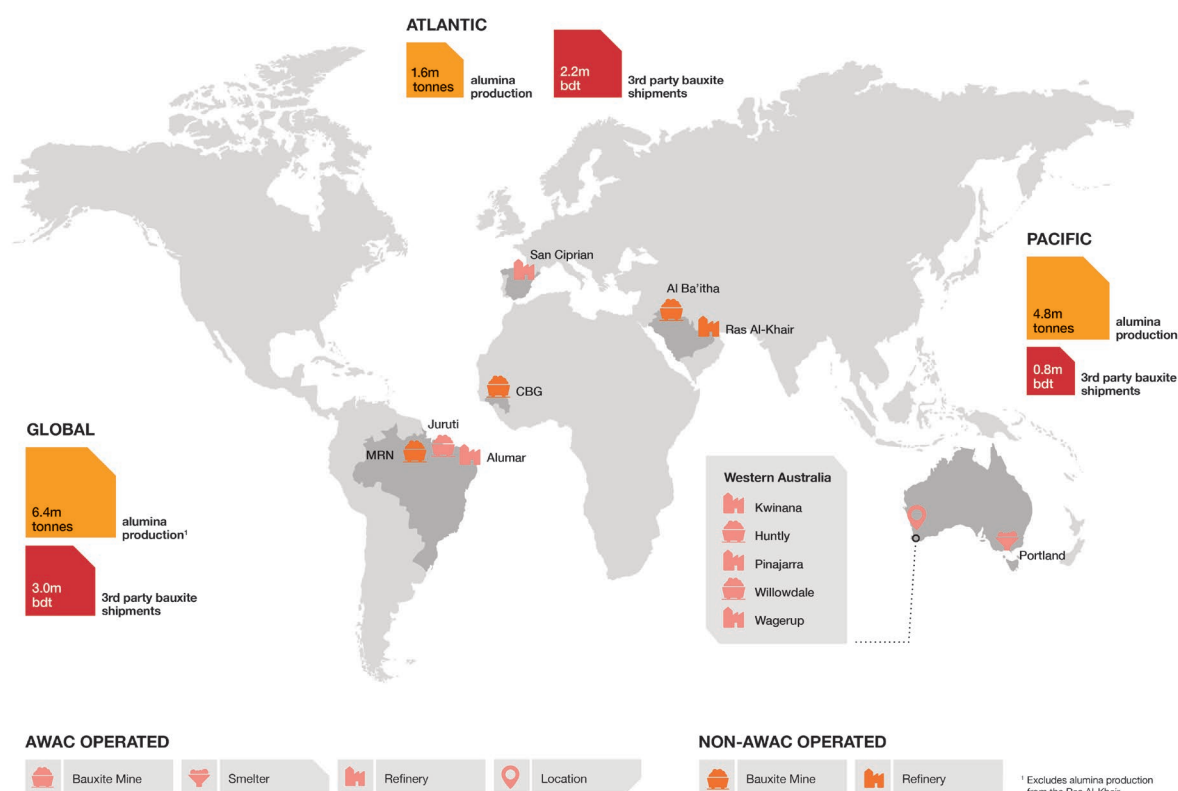
AWAC's assets operate in locations throughout the world that have experienced significant health, economic, and logistical impacts as a result of the COVID-19 pandemic. The COVID-19 pandemic was the predominant global issue in 1H 2020, and AWAC acted early to focus on the health and safety of its workforce, and to bolster the stability of operations. AWAC's refineries performed strongly, recording the highest daily production rate for a half year, and the second quarter was the lowest cash cost of production on record for the current portfolio of assets.

The average alumina price during 1H 2019 was \$375 per tonne, but prices drifted steadily downwards throughout 2H 2019, trading in a tight range between \$321 and \$275 per tonne. After a small rebound in alumina prices in the early stages of 2020, prices began to decline rapidly and the advantage of maintaining a low position on the cost curve became apparent during 1H 2020. COVID-19 reduced demand for aluminium products resulting in higher aluminium warehouse stocks, which further exacerbated an already surplus market. As this was occurring, alumina prices declined to \$225 per tonne in April, before gradually recovering to \$262 per tonne by the end of June. Throughout this period, AWAC maintained a positive margin per tonne of alumina.

As well as impacting commodity prices, the COVID-19 pandemic has also increased uncertainty. To combat this, AWAC has undertaken a number of prudent cash preservation actions. These actions have included reviewing non-critical maintenance activities, deferring certain sustaining and growth capital expenditure projects, and actively reducing operational costs.

AWAC's cash conservation initiatives, stable production, focus on health and safety, and its low position on the cost curve, promoted a strong operational performance in 1H 2020, despite COVID-19.

DIAGRAM OF AWAC GLOBAL OPERATIONS



BAUXITE MINING

	HALF -YEAR ENDED 30 JUNE 2020	HALF -YEAR ENDED 30 JUNE 2019	CHANGE		CHANGE (%)
AWAC OPERATED MINES					
Production (million BDT)	20.3	19.9	0.4	▲	2.0
Cash cost (\$/BDT of bauxite produced)	9.6	10.5	(0.9)	▼	(8.6)
NON-AWAC OPERATED MINES					
AWAC equity share of production (million BDT) ¹	2.4	2.0	0.4	▲	20
THIRD PARTY SALES					
Shipments to third parties (million BDT)	3.0	2.7	0.3	▲	11.1
Total third party revenue, inclusive of freight ² (\$ million)	119.8	119.6	0.2	▲	0.2

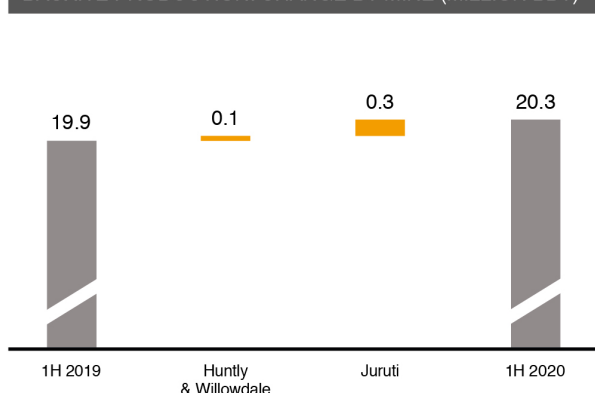
¹ AWAC bauxite purchases from Mineração Rio do Norte S.A. ("MRN") and Compagnie des Bauxites de Guinée (CBG) are based on the terms of its bauxite supply contracts and are different from their proportional equity in those mines.

² Includes freight revenue of \$18.8 million for 1H 2020 (1H 2019: \$39.8 million).

AWAC Operated Mines

AWAC operated mines increased production by 2%, closely mirroring the increase in production from AWAC owned refineries.

BAUXITE PRODUCTION: CHANGE BY MINE (MILLION BDT)

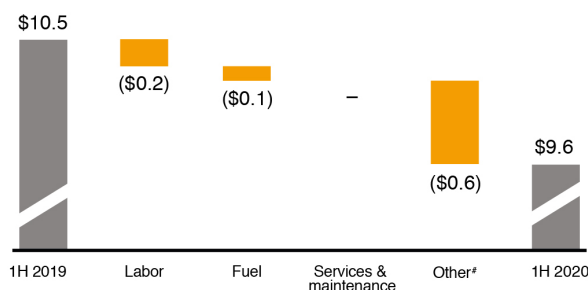


Production at Willowdale increased to meet demand from the Wagerup refinery, whilst Huntly production decreased slightly as a result of conveyor belt maintenance. Juruti's production was increased in order to accommodate a higher production rate from Alumar, and to build inventory prior to a washing plant overhaul in 2H 2020.

In Western Australia, relocation of the Willowdale crusher to a new reserve area has begun. The move is expected to be completed by the end of 2021. Total sustaining capital expenditure of the project will be approximately \$135 million, with \$14 million spent in 2019 and approximately \$85 million to be spent during 2020. Planning for a new bauxite plateau at the Juruti mine is being undertaken which will involve sustaining capital expenditure of approximately \$2 million during 2020. The commencement date for any such plateau move has not been determined.

AWAC's cash cost per BDT of bauxite produced decreased by 8.6% to \$9.6 per tonne, mostly due to a decline in royalty payments which reflected the declining alumina price, and the stronger US dollar which had a favourable effect on the cash cost of bauxite produced.

CASH COST PER BDT OF BAUXITE PRODUCED[^]



[#] Other includes energy, supplies, PAE, royalties and other
[^] AWAC operated mines

Non-AWAC Operated Mines

AWAC's equity share of production at MRN and CBG increased by 0.4 million BDT (20%) in 1H 2020. An increase in CBG's production was the sole driver of this improvement, which followed the completion of CBG's expansion project. AWAC's share of production amounted to 1.9 million BDT.

The production rate at MRN was static, with AWAC's equity share of production amounting to 0.5 million BDT.

AWAC's equity accounted share of profit after tax from CBG and MRN was \$10.4 million (1H 2019: \$13.2 million).

Third Party Bauxite Sales

AWAC's shipments to third party customers increased by 11.1% to 3.0 million BDT with an increase in shipments from CBG and MRN, partially offset by a decline in shipments from Juruti and Huntly.

Third party revenue increased marginally from the comparative period, with an increase in the average FOB realised price of bauxite and volume of third party shipments being offset by a decrease in freight revenue.

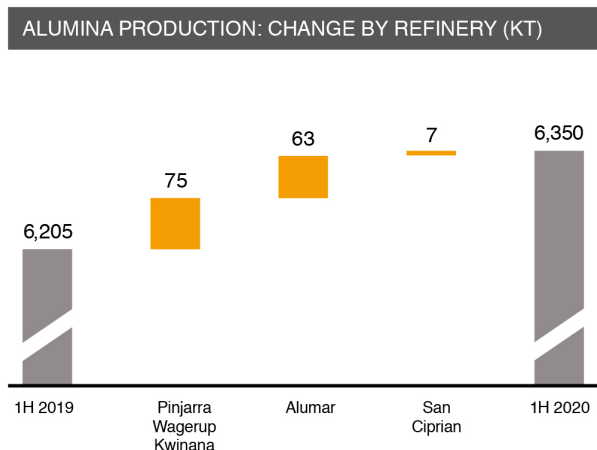
REFINING

	HALF -YEAR ENDED 30 JUNE 2020	HALF -YEAR ENDED 30 JUNE 2019	CHANGE		CHANGE (%)
AWAC OPERATED REFINERIES					
Shipments (million tonnes)	6.6	6.3	0.3	▲	4.8
Production (million tonnes)	6.4	6.2	0.2	▲	3.2
Average realised alumina price (\$/tonne)	266	375	(109)	▼	(29.1)
Cash cost per tonne of alumina produced	193	218	(25)	▼	(11.5)
Margin ¹ (\$/tonne)	73	157	(84)	▼	(53.5)
Smelter Grade Alumina ("SGA") shipments on spot/index basis (%)	97	94	3	▲	3.2
Average Platts FOB Australia - one month lag (\$/tonne)	268	388	(120)	▼	(30.9)
MA'ADEN JOINT VENTURE					
Production (million tonnes)	0.874	0.910	(0.036)	▼	(4.0)
AWAC's share of production (million tonnes)	0.219	0.228	(0.009)	▼	(3.9)

¹ Calculated as average realised price less cash cost of production.

AWAC operated refineries

Production from AWAC operated refineries was 6.4 million tonnes. All refineries improved production leading to a record daily production rate for a half year. In particular, Alumar's production improved following a major overhaul of its boiler.



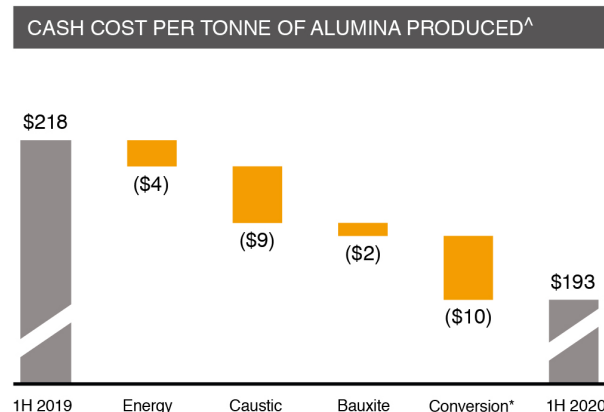
The lower AWAC average realised alumina price in 1H 2020 reflected lower demand for aluminium products brought on by COVID-19, increasing aluminium inventories, and additional alumina supply following the restart of Alunorte and ramp up of Al Taweelah.

Approximately 97% of AWAC's alumina shipments were priced on a spot or index basis. AWAC's average realised price declined \$109 per tonne compared to 1H 2019 to \$266 per tonne, which reflects the decline in average index alumina price (one month lag). The alumina price has been steadily declining since the highs of 2018, with 2H 2019 average 22.4% lower than 1H 2019 and 1H 2020 average 11% lower than 2H 2019 or 30.9% lower than 1H 2019.

The average cash cost per tonne of alumina reduced by 11.5% to \$193 per tonne. This is the third consecutive half-year improvement of AWAC's average cash cost of production. Furthermore, in 2Q 2020, AWAC achieved a quarterly cash cost of production record of \$188 per tonne.

The decline in energy costs is attributed to lower input prices for San Ciprian and Alumar. As previously announced, Western Australian higher priced gas contracts will increase the 2H 2020 system wide cost of production by about 5% compared to the 2019 average cash cost of production, all other things being equal.

The decline in caustic costs was due a gradual downward trend over the past twelve months of global caustic prices. The strength of the US dollar and the improved production rate had a favourable effect on the cash cost of production, in particular conversion costs.



[^] Includes the mining business unit at cost

* Conversion includes: employee costs, indirect costs and other raw material costs

Ma'aden Joint Venture

The Ma'aden refinery produced 0.874 million tonnes of alumina (AWAC's share was 0.219 million tonnes) representing a slight decrease of 4.0% compared to 1H 2019. The refinery continues to operate close to nameplate capacity.

The equity accounted loss relating to the Ma'aden joint venture for AWAC was \$16.9 million during 1H 2020 (1H 2019: \$15.1 million equity profit). The decline was predominantly driven by lower realised alumina prices.

PORTLAND

	HALF -YEAR ENDED 30 JUNE 2020	HALF -YEAR ENDED 30 JUNE 2019	CHANGE		CHANGE (%)
AWAC'S 55% EQUITY SHARE					
Production (thousand tonnes)	78	80	(2)	▼	(2.5)
LME aluminium cash - 15 day lag (\$/tonne)	1,612	1,840	(228)	▼	(12.4)
EBITDA (\$ million)	12.7	(19.5)	32.2	▲	165.1

Portland's aluminium production declined by 2.5% compared to 1H 2019.

The improvement in earnings was primarily as a result of a lower cash cost of production due to lower alumina prices. This was partially offset by a decline in metal prices.

AWAC FINANCIAL REVIEW

The decline in AWAC's 1H 2020 net profit was largely as a result of lower realised alumina prices, partially offset by improvements in the cash cost of alumina production and lower charges for significant items.

The decrease in the income tax charge was driven by lower taxable income, particularly in AWAC's Australian operations.

AWAC PROFIT AND LOSS (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Net profit after tax	246.0	552.3
Add back: Income tax charge	121.4	254.7
Add back: Depreciation and amortisation	139.9	146.5
Add back: (Net interest income)/interest expense	(0.2)	(3.6)
EBITDA	507.1	949.9
Add back total significant items (pre-tax)	(13.6)	31.2
EBITDA excluding significant items	493.5	981.1

AWAC's net profit included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Suralco restructuring related charges ¹	(6.5)	(7.6)
Point Comfort restructuring related charges ¹	(5.6)	(16.3)
Other ²	25.7	(7.3)
Total significant items (pre-tax)	13.6	(31.2)
Total significant items (after-tax)	5.8	(28.9)

¹ Including holding costs

² Other significant items include Portland government facility forgiveness, offset by other charges related to Point Henry and Anglesea restructuring, severance, other payments.

AWAC BALANCE SHEET (US GAAP)	US\$ MILLION	
	30 JUNE 2020	31 DECEMBER 2019
Cash and cash equivalents	393.3	418.7
Receivables	270.7	272.8
Inventories	508.7	518.8
Property, plant & equipment	2,816.7	3,138.0
Other assets	1,822.1	2,015.1
Total Assets	5,811.5	6,363.4
Short term borrowings	0.8	0.5
Accounts payable	501.3	548.1
Taxes payable and deferred	210.9	226.3
Capital lease obligations & long term debt	77.9	78.2
Other liabilities	1,152.7	1,235.2
Total Liabilities	1,943.6	2,088.3
Equity	3,867.9	4,275.1

The decline in the value of assets and liabilities was predominantly driven by the effect of the weaker Australian dollar and Brazilian Real against the US dollar as at 30 June 2020.

The decline in property, plant and equipment was as a result of depreciation and amortisation, the stronger US dollar, and partially offset by the addition of capital expenditure projects.

Accounts payable declined as a result of generally lower input prices.

Other assets decreased mainly due to changes in the fair value of derivative assets and the decline in other assets.

Other liabilities decreased mainly due to a decrease in deferred taxes and asset retirement obligations.

AWAC CASH FLOW (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Cash from operations	319.4	456.1
Capital contributions from partners	40.0	52.1
Net movement in borrowings	0.3	-
Capital expenditure	(98.3)	(73.6)
Other financing and investing activities ¹	-	0.1
Effects of exchange rate changes on cash and cash equivalents	(21.3)	(0.2)
Cash flow before distributions	240.1	434.5
Distributions paid to partners	(265.5)	(715.2)
Net change in cash and cash equivalents	(25.4)	(280.7)

¹ Made up of proceeds from sales of assets, and other.

Cash from operations in 1H 2020 decreased primarily due to lower average realised alumina prices, which was partially offset by improvements in the cash cost of alumina production. Consequently, gross distributions paid to partners decreased to \$265.5 million (1H 2019: \$715.2 million).

Sustaining capital expenditure and growth capital expenditure for 2020 are forecast to be \$200 million and \$10 million respectively.

In 1H 2020, sustaining capital expenditure was \$89.8 million (1H 2019: \$61.2 million) with the most significant expenditure relating to the Willowdale's mine crusher move and the construction of a new residue storage area at Alumar.

Growth capital expenditure was \$8.5 million (1H 2019: \$12.5 million).

ALUMINA LIMITED FINANCIAL REVIEW

ALUMINA LIMITED PROFIT AND LOSS	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Share of net profit of associates accounted for using the equity method	98.5	219.0
General and administrative expenses	(5.9)	(5.3)
Finance costs	(2.2)	(4.3)
Foreign exchange losses, tax and other	0.1	1.5
Profit for the year after tax	90.5	210.9
Add back total significant items after tax	(3.0)	8.6
Net profit after tax excluding significant items	87.5	219.5

SIGNIFICANT ITEMS (IFRS, AFTER-TAX)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Suralco restructuring charges ¹	(2.6)	(1.5)
Point Comfort restructure-related charges ¹	(2.2)	(6.5)
Other ²	7.8	(0.6)
Total significant items	3.0	(8.6)

¹ Including holding costs

² Other significant items include Portland government facility forgiveness, offset by other charges related to Point Henry and Anglesea restructuring, severance, other payments.

Alumina Limited recorded a net profit after tax of \$90.5 million (1H 2019: \$210.9 million). Excluding significant items, net profit would have been \$87.5 million (1H 2018: \$219.5 million). The decrease in net profit was primarily due to a decline in AWAC's profit.

1H 2020 general and administrative expenses, excluding the benefit of the weaker Australian dollar, were higher compared with 1H 2019.

The increase reflects Alumina Limited's continued investment in capabilities and expertise required to manage the business in an increasingly complex market. This includes hiring additional resources and engaging third party experts focusing on critical matters including marketing, China, sustainability, residue storage, climate change and other operational and strategic areas.

Increase in general and administrative expenses also include remuneration of the new Chief Financial Officer, appointed in July 2019.

The Company's finance costs in 1H 2020 are significantly lower than 1H 2019 as a result of termination of the Company's A\$125 million note in July 2019, and its replacement with the syndicated bank facility which has a lower interest rate. The Company's finance costs in 1H 2019 included \$1.3 million of charges relating to the renegotiation of the syndicated bank facility.

ALUMINA LIMITED BALANCE SHEET	US\$ MILLION	
	30 JUNE 2020	31 DECEMBER 2019
Cash and cash equivalents	32.6	15.2
Investment in associates	1,673.8	1,836.8
Other assets	1.6	1.8
Total assets	1,708.0	1,853.8
Payables	0.4	0.9
Interest bearing liabilities – non-current	110.0	70.0
Other liabilities	1.2	0.8
Total Liabilities	111.6	71.7
Net Assets	1,596.4	1,782.1

The decrease in investments in associates was principally due to foreign currency balance sheet revaluations.

Alumina Limited's net debt as at 30 June 2020 was \$77.4 million and gearing of 4.5%.

Alumina Limited has a US\$350 million syndicated bank facility with tranches maturing in October 2022 (US\$100 million), July 2023 (US\$150 million), and July 2024 (US\$100 million).

As at 30 June 2020 there was US\$110 million drawn against the syndicated facility.

ALUMINA LIMITED CASH FLOW	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Dividends received	103.7	234.2
Net finance costs paid	(2.1)	(4.9)
Payments to suppliers and employees	(5.9)	(5.7)
GST refund, interest received & other	0.4	2.0
Cash from operations	96.1	225.6
Receipts – capital return from associates	2.6	52.1
Payments – investments in associates	(16.4)	(20.8)
Payment for shares acquired by the Alumina Employee Share Plan	(0.9)	(0.9)
Effects of exchange rate changes on cash and cash equivalents	(0.3)	(0.7)
Free cash flow available for dividends¹	81.1	255.3

¹ For half-year periods prior to 1H 2020 free cash flow available for dividends was calculated as cash from operations less net investments in associates plus AWAC net distributions up to the date of dividends declaration.

Net receipts from AWAC totalled \$89.9 million (1H 2019: \$265.5 million).

Contributions to AWAC in 2020 of \$16.4 million (1H 2019: \$20.8 million) were mainly to support working capital requirements for the operations in Spain.

The reduction in distributions received from AWAC resulted primarily from lower average alumina prices.

Alumina Limited's dividend policy is to distribute free cash flow derived from net AWAC distributions less the Company's corporate and finance costs, whilst taking into consideration its capital structure, any capital requirements for AWAC and market conditions. Whilst this policy remains unchanged, effective from the 2020 interim dividend, the

Company has decided to adjust the dividend calculation method in order to simplify and better align it to the free cash flow in the relevant reporting period.

Based on the free cash flow of \$81.1 million for the half-year period ended on 30 June 2020, on 25 August 2020 Alumina Limited declared an interim dividend of 2.8 US cents per share.

Furthermore, on 10 August 2020 the directors approved the recommencement of the Company's Dividend Reinvestment Plan. The Dividend Reinvestment Plan will therefore apply to the 2020 interim dividend. DRP shares will be issued to shareholders at 1.5% discount. The last date for the receipt of an election notice for participation in the dividend reinvestment plan is 2 September 2020.

MARKET OUTLOOK AND GUIDANCE

ALUMINIUM

Despite COVID-19 significantly reducing demand for aluminium products, global primary aluminium production increased slightly over the first half of 2020 to 32.1 million tonnes. The lower demand for aluminium products led to a number of smelters producing a higher proportion of commodity aluminium rather than value-added products. The balance of aluminium, surplus to downstream consumers' needs was stockpiled. On-going build-up of stocks may weigh on LME aluminium prices in the future, as happened after the 2009 global financial crisis. However, the volume of aluminium consumed now is much higher than in 2009, so stocks should return to more normal levels quicker than at the time of the global financial crisis, once economies start to recover meaningfully. It is not expected that there will be any significant net reduction in the production of primary aluminium in the second half of 2020, notwithstanding the uncertainty around the impact of COVID 19.

Chinese primary aluminium production also increased slightly in the first half of 2020 to 18.1 million tonnes. However, as around 15% of Chinese primary aluminium production is usually exported mostly in the form of semis, reduced aluminium demand outside China led to an increase over the half in Chinese aluminium inventories, before dropping to pre-COVID levels by the end of the first half. Chinese domestic demand for aluminium is now experiencing a "V" shaped recovery and so reduction in aluminium consumption during the pandemic is expected to be largely recouped in the second half of 2020, particularly given the Chinese Government's stimulus plans. It is noted that China recorded a 3.2% GDP growth in the second quarter of 2020, a 10% turn from the first quarter's 6.8% negative growth. China is expected to add around 2.6 million annual tonnes of new primary aluminium capacity in 2020, particularly in the Southwest, using low-cost hydro power. As a result, Chinese production over the 2020 year is forecast to increase by 3% over 2019 to 36.9 million tonnes. Chinese primary aluminium demand is forecast to contract by 1% in 2020, resulting in a moderate surplus of 0.4 million tonnes. Chinese aluminium prices fell by nearly 20% during the worst of the pandemic, before rebounding to the pre-COVID level around RMB13,830 per tonne at the end of the first half. Global aluminium consumption is forecast to shrink by 6% in 2020, with a 21% drop in the transportation sector and modest growth only in the packaging and electrical sectors.

ALUMINA

As global primary aluminium production increased over the first half of 2020, so did the demand for alumina. Global metallurgical alumina production was 61 million tonnes for the first half of 2020. There was a slight fall in demand for non-metallurgical alumina in the first half of 2020. After reaching a high of \$304 per tonne in the first quarter of 2020, alumina index prices fell to a 2020 low of \$225 per tonne in April, coinciding with a significant fall in costs, where the price stabilised and China resumed a higher

level of imports, bringing the price back up. First half prices averaged \$264 per tonne, and as at 21 August 2020 was \$288 per tonne. This price was above the then current Chinese import parity price equivalent of approximately \$279 per tonne.

Last week, Norsk Hydro announced that it had halted operation of the pipeline transporting bauxite from its Paragominas mine to its Alunorte alumina refinery for extended maintenance and that output from Hydro's refinery is expected to be reduced over the next two months to a level between 35-45 percent of full capacity. There are a number of uncertainties, such as the availability of alternative bauxite, the speed of the ramps down and up of the refinery and any flow-on smelter curtailments. However, this reduction is expected to tighten the third party alumina market considerably and may result in the loss of between 500,000 and 700,000 tonnes of alumina over a few months. This could potentially move the global alumina market for 2020 from a previously expected broadly balanced position, after exports to China, to a deficit of up to 1.1 million tonnes. This deficit could potentially be covered by China drawing down stocks and increasing alumina production,

Chinese refineries curtailed around 7 million tonnes of annual capacity during the worst of the pandemic, due to logistical issues and shortage of labour, and, in some cases, poor alumina prices. This led to Chinese alumina production in the first half being 5% lower than in the second half of 2019. Chinese alumina production is expected to recover in the second half of 2020, with the resumption of idled capacity and the addition of 3 million tonnes of new annual capacity in Guangxi and Guizhou. China is forecast to produce 66.8 million tonnes of metallurgical grade alumina in 2020. China is expected to have a metallurgical alumina deficit of around 4 million tonnes which will be met by alumina imports and some destocking. China imported 1.94 million tonnes of alumina during the first half of 2020 and is expected to import a total of at least 3.5 million tonnes over 2020, subject to restrictions on available alumina due to the Alunorte curtailment.

Refining costs have fallen by an estimated 9% on a global average during the second quarter of the year relative to the previous quarter, from approximately \$249 per tonne to \$227 per tonne. About 35% of global refining production was estimated to be cash-negative over the second quarter of 2020. Fuel and freight costs are expected to increase over the second half.

China's first half average alumina production cash costs dropped by around 10% against the costs in the second half of 2019, with lower raw material costs for bauxite and caustic soda. At the end of the first half of 2020, the average Chinese refining cash costs were around \$261 per tonne (excluding VAT), meaning that around 90% of Chinese refiners were then profitable on a cash basis. Alumina production costs in China are likely to increase in the second half of 2020, as bauxite and coal prices recover.

BAUXITE

The third party bauxite market remains in surplus with significant production continuing in Guinea. China's bauxite imports in the first half of 2020 totalled an estimated 58.3 million tonnes, an increased rate of 8.7% against the first half of 2019. The main sources of imported bauxite in the first half of 2020 into China were 47% from Guinea, 32% from Australia and 18% from Indonesia. Bauxite represents a higher proportion of Chinese average alumina costs than ever before. With some existing Chinese refineries converting to using imported bauxite, and the majority of new refineries in China planning to import bauxite, China's alumina production costs are likely to go up in the long run. This will be due to the higher delivered bauxite prices, even though the higher quality imported bauxite will reduce caustic soda consumption. Average delivered bauxite prices to China (normalised) reduced from \$51.4 per tonne in the second half of 2019 to \$47.8 per tonne in the first half of 2020, largely due to lower mining costs and freight rates with low oil prices and the on-going bauxite supply surplus. However, the freight market has rebounded strongly in June and July 2020, with Guinea-to-China Capesize freight rates increasing from around \$10 per tonne to the low \$20's per tonne range, which is expected to be reflected in higher bauxite prices. China is set to import around 100 million tonnes of bauxite again in 2020.

AWAC GUIDANCE

The following 2020 guidance is provided to assist the understanding of the sensitivity of AWAC results to key external factors. The guidance cannot be expected to be predictive of exact results; rather it provides direction and approximate quantum of the impact on AWAC results. Sensitivity of each element of the guidance has been considered in isolation and no correlation with movements in other elements within the guidance has been made.

ITEM	2020 GUIDANCE
Production – alumina	Approximately 12.8 million tonnes
Production – aluminium	Approximately 160,000 tonnes
Third party bauxite sales	Approximately 6.5 million BD tonnes
Alumina Price Index sensitivity: +\$10/t	Approximately +\$115 million EBITDA
Caustic price sensitivity ¹ : +\$100/dry metric tonne	Approximately -\$90 million EBITDA
Australian \$ Sensitivity: + 1¢ AUD/USD	Approximately -\$22 million EBITDA
SGA shipments expected to be based on alumina price indices or spot	Approximately 97% for the year
AWAC sustaining capital expenditure	Approximately \$200 million
AWAC growth capital expenditure	Approximately \$10 million
AWAC Point Comfort after tax restructuring ²	
Charges (IFRS)	Approximately \$15 million
Cash Flows	Approximately \$15 million
AWAC Suralco after tax restructuring ²	
Charges (IFRS)	Approximately \$10 million
Cash Flows	Approximately \$35 million
AWAC Point Henry and Anglesea after tax restructuring ²	
Charges (IFRS)	Approximately \$5 million
Cash Flows	Approximately \$15 million

¹ Caustic inventory flow is 5-6 month, with quarterly pricing convention.

² Ongoing costs will be recognised in future financial years relating to the curtailments and closures.

ABILITY TO MANAGE MARKET CONDITIONS

AWAC was able to respond to the market conditions in the first half by undertaking a number of measures, including the following:

- acting early to focus on workplace health and safety with comprehensive plans and protocols
- reviewing non-critical maintenance activities
- deferring certain sustaining and growth capital expenditure projects
- AWAC being a low-cost operator, reducing operational costs through efficiencies and higher (record) production volumes.

Advantages which Alumina Limited has in face of the conditions in the first half and those which may continue until economies emerge sufficiently from COVID-19 include:

- investing in a long life, low-cost asset base in a favourable part of the aluminium industry chain
- AWAC having geographically diverse assets and customers
- AWAC pricing predominantly exposed to API pricing
- AWAC mines' general close proximity to refineries, minimising transport costs and risks
- Alumina Limited having low debt.

Extract from AWAC's Unaudited Combined Financial Statements

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION

AWAC financial information has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

AWAC PROFIT & LOSS

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Sales	1,554.0	1,985.3
Sales to related parties	595.3	822.0
Total revenue	2,149.3	2,807.3
Cost of goods sold	1,591.0	1,809.4
Selling, general administrative, and other expenses	29.5	44.1
Research and development costs	7.7	8.4
Provision for depreciation, depletion and amortisation	139.9	146.5
Restructuring and other charges	2.3	0.7
Interest expense	1.2	1.9
Other net (income)/expenses	10.3	(10.7)
Total expenses	1,781.9	2,000.3
Net profit before income taxes	367.4	807.0
Provision for taxes on income	121.4	254.7
Net profit after taxes	246.0	552.3
Members' equity		
Opening balance at start of period	4,275.1	4,867.4
Net profit	246.0	552.3
Capital contribution	40.0	52.1
Dividends paid and return of capital to partners	(265.5)	(715.2)
Common stock issued for compensation plans	1.3	2.5
Other comprehensive income/(loss)	(429.0)	29.8
Closing balance at end of period	3,867.9	4,788.9

AWAC BALANCE SHEET

	US\$ MILLION	
	30 JUNE 2020	31 DECEMBER 2019
Current assets		
Cash and cash equivalents	393.3	418.7
Receivables	270.7	272.8
Inventories	508.7	518.8
Prepaid expenses and other current assets	127.0	165.2
Total current assets	1,299.7	1,375.5
Non-current assets		
Property, plant and equipment	2,816.7	3,138.0
Investments	443.5	458.6
Deferred income taxes	195.0	225.6
Gas supply prepayment	412.0	437.1
Other assets and deferred charges	644.6	728.6
Total non-current assets	4,511.8	4,987.9
Total assets	5,811.5	6,363.4
Current liabilities		
Short term borrowings and current portion of long term debt	0.8	0.5
Accounts payable	501.3	548.1
Taxes payable	66.9	58.3
Accrued compensation and retirement costs	176.6	185.9
Other current liabilities	179.7	209.4
Total current liabilities	925.3	1,002.2
Non-current liabilities		
Long term debt, less amount due within one year	77.9	78.2
Deferred income taxes	144.1	168.0
Accrued pension benefits	70.7	75.9
Accrued other postretirement benefits	52.4	54.1
Assets retirement obligations	437.5	453.3
Other non-current liabilities and deferred credits	235.7	256.6
Total non-current liabilities	1,018.3	1,086.1
Total liabilities	1,943.6	2,088.3
Net assets	3,867.9	4,275.1
Equity		
Members' equity	6,663.6	6,641.8
Accumulated other comprehensive loss	(2,795.7)	(2,366.7)
Total members' equity	3,867.9	4,275.1

AWAC STATEMENT OF CASH FLOWS

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
Cash flows from operations		
Net profit	246.0	552.3
<i>Adjustments to reconcile net income to cash from operations</i>		
Depreciation, depletion and amortisation	139.9	146.5
Other items ¹	(66.5)	(242.7)
Cash provided/(used) from operations	319.4	456.1
Cash flows from financing activities		
Dividends paid and return of capital to partners	(265.5)	(715.2)
Net change in debt	0.3	-
Capital contributions	40.0	52.1
Cash provided/(used) for financing activities	(225.2)	(663.1)
Cash flows from investing activities		
Capital expenditures	(98.3)	(73.6)
Other items	-	0.1
Cash provided/(used) from investing activities	(98.3)	(73.5)
Effect of exchange rate changes on cash and cash equivalents	(21.3)	(0.2)
Cash provided/(used)	(25.4)	(280.7)
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	418.7	740.3
Cash and cash equivalents at the end of the period	393.3	459.6
Net change in cash and cash equivalents	(25.4)	(280.7)

¹ Other items consists of net movement in working capital and other non-current assets and liabilities.

RECONCILIATION OF AWAC'S US GAAP TO IFRS PROFIT

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2020	HALF-YEAR ENDED 30 JUNE 2019
AWAC profit before tax (US GAAP)	367.4	807.0
<i>Adjustments made to align with IFRS</i>		
Derivatives	1.9	1.3
Asset Retirement Obligations and Defined Benefits Plans	(8.6)	(8.2)
Other	5.5	1.3
AWAC profit before tax (IFRS)	366.2	801.4
AWAC provision for taxes on income (USGAAP)	(121.4)	(254.7)
Adjustments made to align with IFRS	3.2	2.6
AWAC provision for taxes on income (IFRS)	(118.2)	(252.1)
AWAC profit before tax (IFRS)	366.2	801.4
AWAC provision for taxes on income (IFRS)	(118.2)	(252.1)
AWAC profit after tax (IFRS)	248.0	549.3