ALUMINA LIMITED

ONE OF A KIND

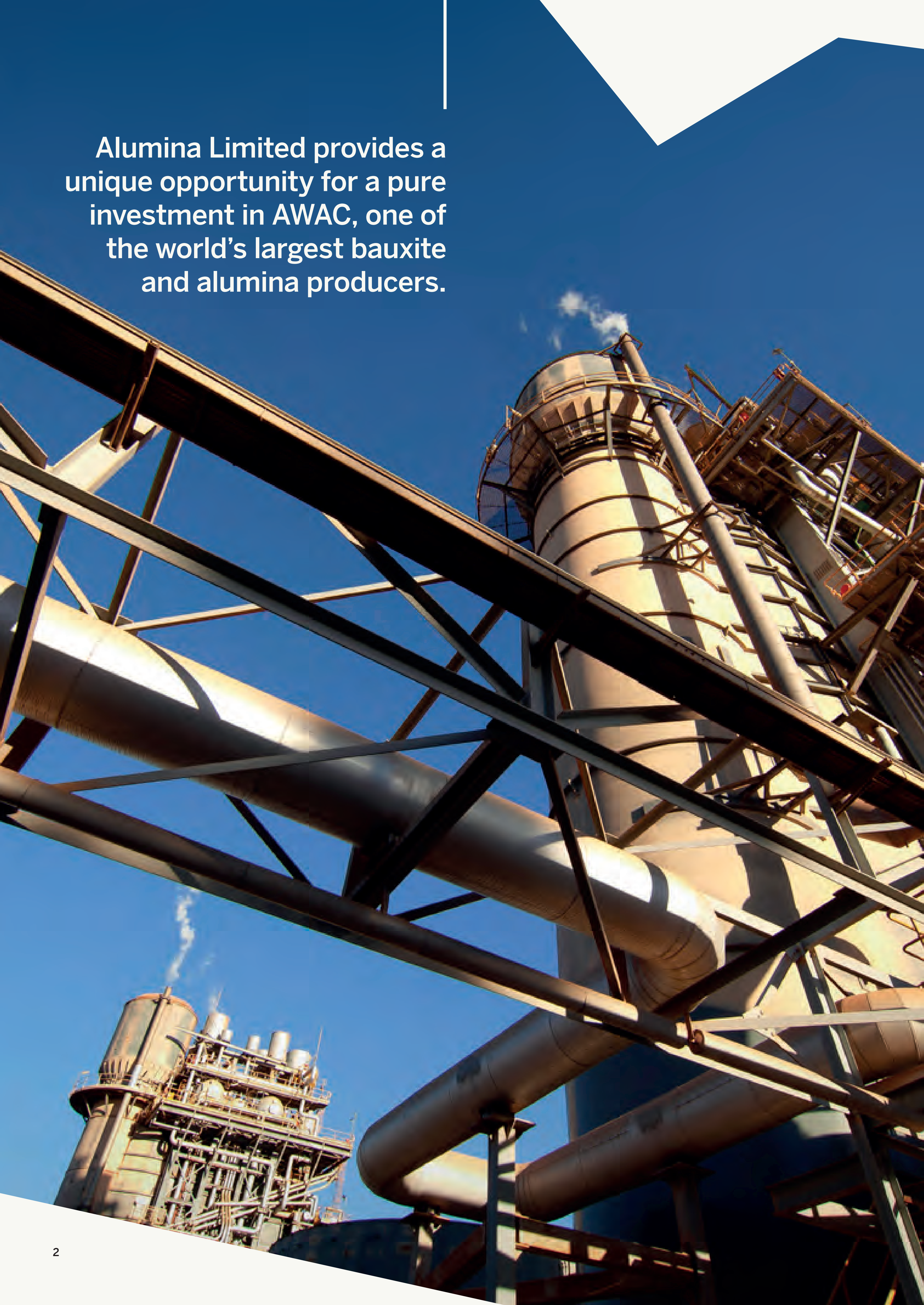
Alumina Limited Annual Review **2018**


OUR EXPOSURE
TO THE ALUMINA
MARKET AND PRICE
IS UNIQUE AND MAKES
ALUMINA LIMITED
ONE OF A KIND.

Alumina Limited is one of a kind. Its 40 per cent joint-venture interest in AWAC (Alcoa World Alumina and Chemicals) provides exposure to the most profitable part of the aluminium supply chain. The Company is uniquely positioned in the world alumina market.

CONTENTS

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



The Annual Review is presented in US dollars, unless otherwise specified.

ABOUT ALUMINA LIMITED

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

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

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

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

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

AT A GLANCE

In 2018 Alumina Limited posted a record profit after tax of $635 million compared to a net profit of $340 million in 2017, an increase of 87 per cent and also paid the largest annual dividend to shareholders since inception of the Company. The Company made a net profit of $690 million (2017: $363 million) excluding significant items.

While a number of one-off factors contributed to this remarkable result, the year as a whole demonstrated the impact on global alumina markets of Alumina Price Index (API) structures that reflect and price the commodity on its fundamentals.

In 2018, Alumina Limited's 40 per cent interest in AWAC benefited from Western world alumina market supply disruptions that created a shortage in the market. Average realised prices for alumina increased 33 per cent on 2017 prices. In 2018, AWAC sold about 92 per cent of its smelter-grade alumina on an alumina index or spot pricing basis.

AWAC's globally leading tier one assets are almost entirely focused on the upstream sector of the aluminium supply chain, which has been the most profitable part within the industry. Alumina Limited has the greatest exposure in the industry to third party alumina pricing, with limited exposure to aliminium smelting.

ALUMINA LIMITED RESULTS (IFRS)

$635.4m

NET PROFIT AFTER TAX
$635.4 MILLION
(2017: NET PROFIT AFTER TAX: $339.8 MILLION)

22.7 CENTS PER SHARE

2018 DIVIDENDS OF
22.7 CENTS PER SHARE
(2017: DIVIDEND: 13.5 CENTS PER SHARE)

$678.2m

NET CASH RECEIPTS OF
$678.2 MILLION
(2017: $263.1 MILLION)

$(95.8)m

NET (CASH)/DEBT
$(95.8) MILLION
(2017: $58.4 MILLION)

AWAC - A GLOBAL BUSINESS

In 2018 AWAC recorded a net profit after tax of $1,640 million compared to a net profit after tax of $901 million in 2017. AWAC's results were influenced by an average realised alumina price for the year of $447 per tonne, an increase of $112 from last year. Growth in profit was underpinned by higher alumina prices due to:

- increasing alumina demand,
- alumina supply constraints following the partial curtailment of Alunorte, the world's largest alumina refinery and sanction-related supply disruptions at Rusal,
- Chinese structural reforms and
- limited alumina capacity growth outside China.

AWAC's EBITDA, excluding significant items rose to $2,797 compared to $1,685 million in 2017. Cash from operations, spurred by the higher alumina sales price, increased to $1,970 million up from $1,102 million. In 2018, with approximately 92 per cent of shipments priced on a spot or an index basis, AWAC was well positioned to capitalise on the steep upward price movement.

Alumina Limited is the 40 per cent partner in the AWAC joint venture whose assets comprise, globally leading bauxite mines and alumina refineries in Australia, Brazil and other countries. AWAC also has a 55 per cent interest in the Portland aluminium smelter in Victoria, Australia.

AWAC's 60 per cent managing partner is Alcoa Corporation. The AWAC joint venture was formed in 1994 and our relationship with Alcoa dates back to 1961.

AWAC RESULTS (USGAAP)

$1,640.2m

AWAC NET PROFIT AFTER TAX
$1,640.2 MILLION
(2017 NET PROFIT AFTER TAX: $901.3 MILLION)

$447/tonne

REALISED ALUMINA PRICE OF
$447 PER TONNE
(2017: $335 PER TONNE)

$1,969.6m

AWAC CASH FROM OPERATIONS
$1,969.6 MILLION
(2017: $1,102.4 MILLION)

$2,796.8m

AWAC EBITDA EXCLUDING SIGNIFICANT ITEMS
$2,796.8 MILLION
(2017: $1,685.3 MILLION)

MAP OF OPERATIONS

BAUXITE PRODUCTION (million BDT#)

Huntly & Willowdale	33.5
Juruti	5.7
MRN*	1.2
CBG*	2.8

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

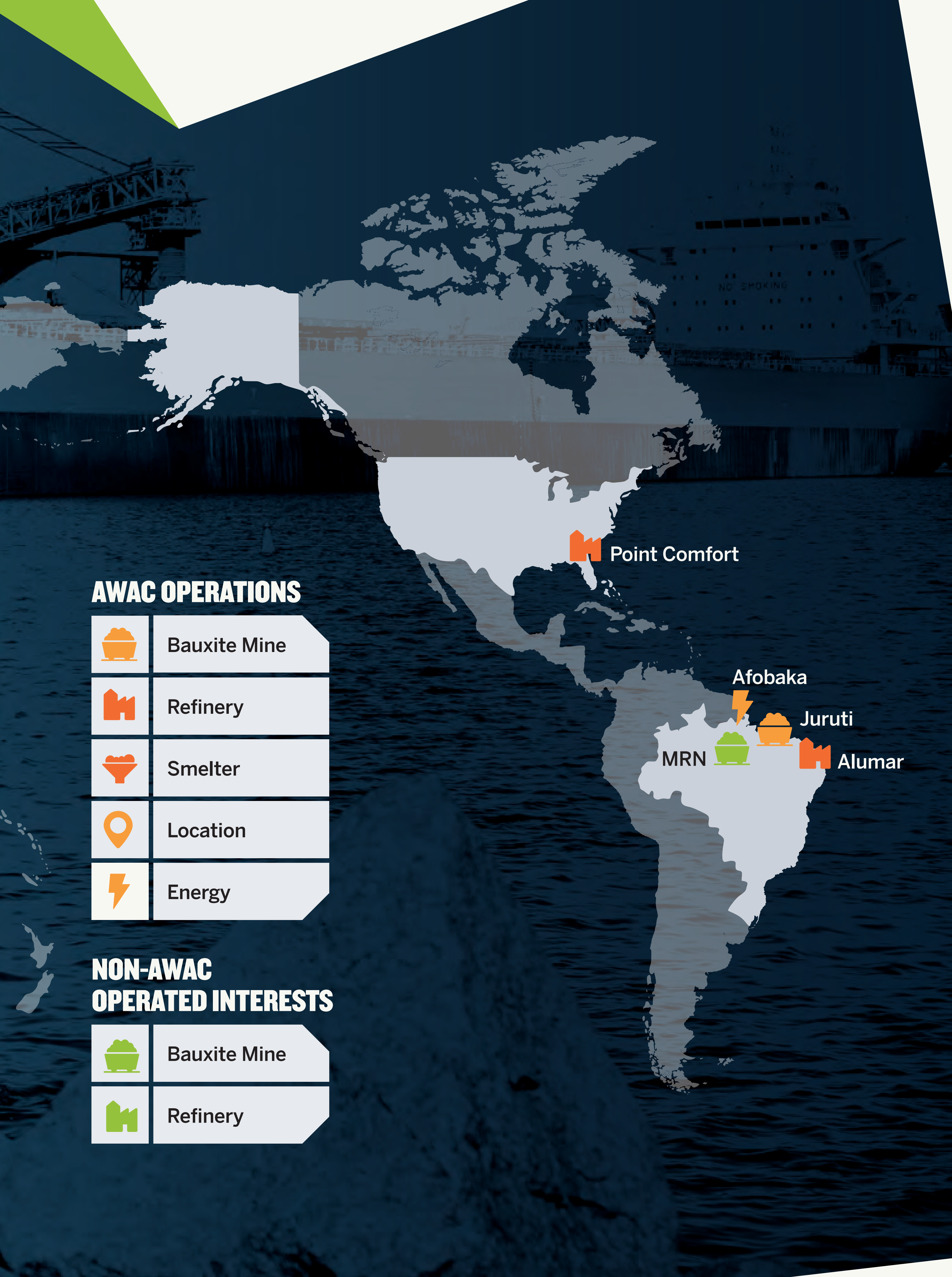
Bone dry tonnes (BDT): Tonnes are reported on a zero moisture basis, "bone dry".

The Ma'aden joint venture mine is not included

ALUMINA PRODUCTION (thousand tonnes)

Western Australia Operations	
– Pinjarra	4,512
– Wagerup	2,655
– Kwinana	2,025
Alumar	1,402
San Ciprian	1,589

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


Point Comfort
Afobaka
Juruti
MRN
Alumar
AWAC OPERATIONS
Bauxite Mine
Refinery
Smelter
Location
Energy
NON-AWAC OPERATED INTERESTS
Bauxite Mine
Refinery

CHAIRMAN AND CEO REPORT

After excellent results in 2017, it is pleasing to be able to report a further outstanding year for shareholders. 2018 has seen the Company report record profits of $635.4 million and distribute record fully franked dividends to shareholders of 22.7 cents.

Of all the global aluminium industry participants, Alumina Limited is uniquely exposed to the currently most profitable part of the aluminium supply chain - alumina production - through its 40 per cent interest in the AWAC joint venture. This year's impressive result reflects the stand-out benefits of Alumina's unique and substantial exposure to the alumina market – together with the direct benefits of the scale, low cost production and quality of AWAC's tier one alumina refineries.

To understand the 2018 results, it is helpful to reflect on what drives the AWAC business and the markets it operates in.

THE LEAD UP TO 2018

In the five years prior to 2017, the Company performance suffered as AWAC focused on weathering poor market conditions. During these difficult years AWAC closed, sold or restructured its higher cost assets and became one of the lowest cost producers of alumina globally.

AWAC emerged from these challenging years after the global financial crisis with an improved asset portfolio of five refineries, three bauxite mines, the Portland smelter and investments in three non-operated mines and one refinery.

Our alumina refineries are positioned low on the cost curve. This cost competitiveness of the Company's refining assets places the Company in a strong position relative to its competitors throughout the commodity cycle. The Company's limited exposure to aluminium smelting also sets it apart from most industry participants.

ALUMINA PRICING

The most important development in recent years has been the impact of the higher alumina price.

In 2017, alumina prices started to improve and increased by 44 per cent compared to 2016 as Chinese Government pollution reduction and efficiency policies had an impact. Those policies were of great importance in signaling a change to the excess capacity within China. These developments in China continued to be relevant in 2018.

The global fundamentals of the alumina industry have also been positive in 2017 and 2018. Older and less efficient capacity in the western world has closed. There has been limited new green field refinery growth and it has proved difficult and costly to restore idle capacity.

Alumina Price Index (API) pricing has reflected the fundamentals of global alumina markets and not metal markets. In 2018 market dynamics reflected the inherent characteristics of alumina as a standalone commodity albeit within an integrated end product.

The chemical characteristics of alumina also dictate that it deteriorates over time, cannot be exposed to moisture nor stored in the open air and there are limited alumina storage facilities outside China. Thus, when market disruptions occur in an already tight market, this inability to store alumina easily can see API prices react in a significant way.


Mr Peter Day


Mr Mike Ferraro

There were some major disruptions to the alumina market in 2018 which caused prices to spike upwards. The world's largest alumina refinery, Alunorte in Brazil, curtailed 50 per cent of its capacity following extreme rainfall and subsequent environmental issues. Together with US economic sanctions imposed on Rusal, the world's largest non-Chinese aluminium producer, this caused average monthly alumina prices to be driven upwards in excess of $500 per tonne in April, May, August, September and October.

Average API alumina prices for 2018 were $473 per tonne and represented a 36 per cent increase over 2017. AWAC sold 92 per cent of its alumina using API in 2018.

These higher prices drove margins for AWAC of $221 per tonne and an AWAC net profit for 2018 of $1,640 million (2017: $901m) on a US GAAP basis. The year demonstrated that alumina index pricing now effectively reflects market fundamentals and these flow through to, and drive the profits and performance, of your Company.

The events of 2017 and especially 2018 contradict the conventional wisdom which assumes that aluminium supply chain markets automatically share the same dynamics. Indeed, the Company's uniquely high exposure to alumina markets – without significant participation in smelting and downstream activities - is proving to be a clear source of strength and shareholder value. Our focus on, and leverage to API, and thus global alumina prices, is unmatched globally.

BAUXITE

The bauxite market has been different to that of alumina in 2018. There has been unprecedented growth in bauxite production in Guinea, as Chinese refineries seek supply sources to address a supply shortage of Chinese domestic bauxite. China's demand for bauxite is high and increasing but it is well supplied currently, substantially from Guinea.

AWAC is a 22.5 per cent participant in the CBG bauxite mine in Guinea which is nearing completion of a 5 million bone dry tonne expansion. The Juruti mine in Brazil has undergone two separate expansions from 2016, which will increase production capacity to 6.5 million bone dry tonnes per annum. The Juruti expansions have been made at a very low capital investment by utilising existing infrastructure.

PRODUCTION

AWAC operations produced 39.2 million bone dry tonnes of bauxite and 12.2 million tonnes of alumina of which 30 per cent was supplied to Alcoa Corporation's smelters and 70 per cent to third party customers. AWAC is the largest Western World supplier of alumina to third party smelters.

AWAC's alumina production of 12.2 million tonnes in 2018, declined by approximately 300,000 tonnes compared to the previous year. This reflected an industry wide trend of alumina production disruptions as producers pushed to meet market demand. However, there has been a high degree of focus on addressing the causes of the decline in production.

OUTLOOK

Alumina's strategy is to invest in worldwide bauxite mining and alumina refining operations through AWAC. The AWAC alumina refining assets stand out for the Company and are the foundation for AWAC generating strong cash flows to shareholders while allowing investment for the future.

Shareholders will naturally ask what does 2019 and future years hold for the Company. We continue to have confidence in the quality of the AWAC assets and the attractiveness of the alumina and bauxite markets. However, we must assume that the two major alumina market disruptions in 2018 will not repeat nor continue this year to the same degree and alumina prices will be lower. Nonetheless, your Company is well placed to achieve attractive returns as AWAC remains one of the lowest cost and largest producers of alumina globally.

There will undoubtedly be new challenges for the Company in 2019. The US/China trade wars and pressure on global equity and credit markets are of concern, as are declines in aluminium prices. We have also seen pressure on alumina production costs which have risen 18 per cent over the two years.

Higher caustic soda prices, logistics and maintenance costs have been the principal causes. AWAC is well aware of the need to maintain its low-cost position over the long-term, and is expecting some cost reductions this year.

AWAC is well placed as a leading alumina producer and there is limited new Western World alumina capacity on the horizon.

Industrialisation in the developing world and the benefits of aluminium as a light metal favour continuing growth in demand for aluminium and alumina. With the changes that have occurred to the alumina market structure, we believe it is now time for AWAC to consider organically growing its best assets. It has been over 10 years since the last period of significant growth by AWAC. We would expect to be able to report next year on the potential for growth prospects that can add to shareholder value. For 2019, AWAC is expecting $110 million in growth capital expenditure (largely for alumina) which indicates a greater focus on growing its business.

The fundamentals for the alumina market remain positive.

CAPITAL MANAGEMENT/SHAREHOLDER RETURNS

The Company's AWAC interest has provided strong cash flows in recent years. The exceptional performance of AWAC in 2018 and its strong balance sheet means our share of those cash flows are directly passed through to your Company. Alumina Limited received $678 million in net cash distributions from AWAC in 2018 (2017: $263m).

This enabled payment of a final dividend of 14.1 cents per share, bringing the total declared dividends for the year to 22.7 cents per share. It is pleasing for shareholders to receive the rewards from the outstanding results of 2018. This is a substantial increase on 13.5 cents per share for 2017 and has delivered a yield of 11.5 per cent to shareholders for 2018 based on the share price, immediately before the final dividend was declared. The dividend yield to shareholders has averaged 9.3 per cent, excluding the effect of franking over the last three years.

Unlike other industry participants, Alumina has been able to pay most of its free cash flow to shareholders by way of dividends.

Alumina's dividend policy is that the Board intends on an annual basis to distribute cash from operations after debt servicing, corporate costs and capital commitments have been met for the AWAC business.

We do not expect to be able to continually maintain dividends at 2018 levels. With an expected decline from record alumina prices, 2019 dividends will likely be lower. The Board will also need to be particularly cognisant of growth plans and their cash flow requirements when considering future dividends.

Alumina held net cash of $96 million at year end. The Company's low debt levels has enabled cash received from AWAC to be readily distributed to shareholders.

The Company's A$125 million corporate bond matures in late 2019 and we expect it to be replaced with a syndicated bank facility.

SUSTAINABILITY

The impact of AWAC operations extends beyond economic and financial outcomes and includes social and environmental matters relevant to the community. Strategic goals have been set by AWAC for a variety of environmental impacts including emissions, energy, water, land and waste management. The Company has also recently completed a high-level materiality assessment of the Company and the AWAC business. That led to consideration of the linkages between the topics material to the Company and the UN Sustainability Development Goals to understand the impact of AWAC's operations; these are documented in the sustainability section of this report. The annual sustainability report due for release later this year will provide updated disclosure.

GOVERNANCE

The Remuneration Report reviews the Company's remuneration strategy, policy and outcomes. The Company's 2018 Remuneration Report provides full details of the CEO's and Senior Executives' objectives and an assessment of performance against those objectives.

The Company reports its governance practices consistent with the 3rd Edition of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council. A copy of the 2018 Corporate Governance Statement is available on the Company website. Alumina's compliance with the Corporate Governance Principles and Recommendations is defined in the Appendix 4G lodged with the ASX.

BOARD AND MANAGEMENT

In November 2017, John Pizzey announced his decision to retire as Non-Executive Director and Chairman of Alumina Limited on 31 March 2018. The Board appointed Peter Day to succeed Mr Pizzey as Chairman of the Company from 1 April 2018.

John Bevan joined as a Director on 1 January 2018. John was previously Chief Executive Officer of Alumina Limited from 2008 to 2013. Mr Bevan brings a valuable understanding of the markets and the joint venture in which the Company operates.

An improving market structure encourages us to assess expansions in alumina and bauxite. Doing this sensibly and carefully, together with a focus on growing sustainability, will secure the future of your Company for the long term.

CONCLUSION

Shareholders have a globally unique and valuable position in some of the highest quality bauxite and alumina assets in the aluminium supply chain. The alumina refineries and bauxite deposits in Western Australia are one of Australia's great resource stories over several decades. The value of those long life, high quality assets and our unmatched exposure to global alumina markets, with limited exposure to aluminium smelting, was demonstrated in our performance again in 2018.

An improving market structure encourages us to assess expansions in alumina and bauxite. Doing this sensibly and carefully, together with a focus on growing sustainability, will secure the future of your Company for the long term.

We are confident your investment in AWAC will continue to provide sustainable long-term value for shareholders throughout 2019 and beyond.

The Board thanks the employees of Alumina Limited and AWAC for their work in 2018.

Mike Ferraro
Chief Executive Officer

W Peter Day
Chairman

Above: Pinjarra refinery residue press filtration plant prior to commissioning.

SUSTAINABILITY

As a resource-intensive extractives business, sustainability is critical to how AWAC operates. It is the cornerstone of the safety and well-being of the workforce, and the resilience and prosperity of local communities and natural environment.

We do not have operational control of the assets in which we are a joint-venture partner. However, we recognise the influence we have through our governance and joint venture agreements. Investors, and society more broadly, have increasing expectations of AWAC to understand and manage our sustainability risks and opportunities, and to transparently communicate these.

Sustainability risks and opportunities in the mining industry are constantly evolving due to developments in research, global and regional regulation, technology, knowledge and understanding of how mining operations impact the environment and the social well-being of communities.

In 2018 we undertook an assessment of our sustainability and climate-related risks and opportunities to better inform our strategy and disclosures. This holistic assessment was designed to ensure that Alumina's sustainability reporting scope, principles, governance and metrics are appropriate and take into account the role it plays in the AWAC Joint Venture. This also provides us the opportunity in 2019 to consider further the implications of new and emerging reporting requirements such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and legislative changes such as the *Modern Slavery Act*, as they may apply to AWAC.

MATERIALITY

We identified which risks and opportunities are important to our stakeholders and our business through interviews with key external stakeholders, and a peer and media review. The findings were then overlaid with Alcoa's materiality assessment outcomes to determine a preliminary list of material topics. These were validated by Alumina's senior management at a workshop which assessed the relative importance of the material topics to the Company and its interest in the AWAC business and the impact the Company has on the economy, the environment, and/or society.

The following topics were determined to be most material to Alumina:

- Climate change
- Energy and emissions
- Waste (including dam management)
- Safety and health
- Community engagement and investment
- Business integrity

Topics that had increased in importance since our previous materiality process included land management and closure, biodiversity, waste management (including dam management) process emissions and diversity and inclusion.

This year, we considered the outputs of our materiality assessment in the context of emerging global trends, specifically the UN Sustainable Development Goals (SDGs).

The SDGs are a collection of 17 global goals which aim to address some of the world's most pressing environmental, economic and social issues. We wanted to understand which SDGs were most relevant to our operations and activities, and identify the potential positive and negative impact of AWAC's operations on the relevant SDGs. The following SDGs were found to be most aligned to Alumina's material topics:

GOVERNANCE

- Business integrity
- Supply chains and human rights
- Government and industry relations

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

COMMUNITY

- Community engagement and investment
- Economic contribution

1 NO POVERTY
8 DECENT WORK AND ECONOMIC GROWTH

ENVIRONMENT

- Energy emissions
- Climate change
- Waste
- Land management and closure
- Water
- Process emissions
- Biodiversity

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

PEOPLE

- Safety and health
- Employee engagement and agreements
- Diversity and inclusion

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

CLIMATE CHANGE

Climate change was identified as a material issue for our business and our stakeholders. Alumina is committed to providing meaningful and relevant disclosures of climate-related risks and opportunities for AWAC. We recognise that due to our interest in AWAC, an energy and emissions-intensive business, we have a role to play in seeking to reduce emissions and build resilience to climate change impacts.

In 2018, a review was commenced to identify climate-related risks and opportunities for AWAC/Alumina over the short to long-term. This assessment considered AWAC's current energy mix, opportunities for transitioning to less emissions-intensive energy use, downstream demand forecasts for aluminium, physical risks to AWAC operations, regulatory and market risks (including carbon and energy prices) and standards for disclosure of climate risks.

We will continue to work with Alcoa to assess climate change risks and opportunities across AWAC.

BOARD OF DIRECTORS

BOARD OF DIRECTORS

The Company's Directors in office as at 31 December 2018 were:

MR W PETER DAY

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

Independent Non-Executive Director

Mr Day was appointed as a Director of the Company on 1 January 2014 and was appointed Chairman of the Board on 1 April 2018. He is a member of the Nomination, Compensation and Audit & Risk Management Committees. Mr Day is also currently a Non-Executive Director of Ansell (appointed August 2007), Non-Executive Chairman of Australian Unity Investment Real Estate (appointed September 2015), and a former Director of: Boart Longyear (February 2014 – September 2017), Federation Centres (October 2009 – February 2014), Orbital Corporation (August 2007 – February 2014) and SAI Global (August 2008 – December 2016).

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

MS EMMA R STEIN

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

Independent Non-Executive Director

Ms Stein was elected as a Director of the Company on 3 February 2011. Ms Stein is currently a Non-Executive Director of Cleanaway Waste Management Limited (formerly known as Transpacific Industries Group Ltd) (appointed August 2011) and Infigen Energy Limited (appointed September 2017). She is a former Non-Executive Director of Programmed Maintenance Services Ltd (appointed June 2010 and resigned October 2017), Diversified Utilities Energy Trust (appointed June 2004 and resigned May 2017) and Clough Limited (appointed July 2008 and resigned December 2013). Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. Before joining Gaz de France, she was UK Divisional Managing Director for British Fuels.

Ms Stein is Chair of the Compensation Committee (since 1 January 2014), current member and former Chair of the Audit and Risk Management Committee (Chair from 28 November 2013 to 31 December 2013) and current member and former Chair of the Nomination Committee (from 22 June 2017 to 31 March 2018). As a senior executive, she gained considerable international experience in management and leadership, strategy development and implementation in global industrial, energy and utilities markets. She has 15 years' experience as a listed Non-Executive Director and Board Committee Chair for capital intensive companies spanning resources, oil and gas and related sectors.

MR CHEN ZENG

MIF

Non-Executive Director

Mr Zeng was appointed as a Director of the Company on 15 March 2013. He is a member of the Nomination, Compensation and Audit and Risk Management Committees.

Mr Zeng is also currently the Vice Chairman and President of CITIC Pacific Limited, as well as the Chairman and Chief Executive Officer of CITIC Pacific Mining Management Pty Ltd. These companies are all wholly-owned subsidiaries of CITIC Limited (listed on the Hong Kong Stock Exchange). CITIC Limited is in turn a majority-owned subsidiary of CITIC Group Corporation, a Chinese state-owned enterprise.

Mr Zeng has previously served as a Director on the Board of CITIC Group Corporation (2010 to 2011). He is also a former Director of CITIC Limited. Before joining CITIC Pacific Mining, Mr Zeng held various senior management positions within CITIC Group. Mr Zeng was also previously a Director of Macarthur Coal Limited (2007 to 2011) and Marathon Resources Limited (2006 to 2014), both were ASX listed companies.

Mr Zeng has over 30 years of experience in management and project development, and a proven record in leading cross-cultural professionals in the resources sector. He has been working in Australia since 1994 and has extensive experience in various industries including aluminium smelting, coal and iron ore mining.

MS DEBORAH O'TOOLE

LLB, MAICD

Independent
Non-Executive Director

Ms O'Toole was appointed as a Director on 1 December 2017. She has been appointed a member of the Nomination Committee, the Compensation Committee and was appointed Chair of the Audit and Risk Management Committee on 1 April 2018. Ms O'Toole is a Non-Executive Director of Sims Metal Management Limited (appointed November 2014), the Asciano Rail Group of Companies operating as Pacific National Rail (appointed October 2016), Credit Union Australia Ltd (appointed March 2014) and the Wesley Research Institute (appointed March 2013). She is a former Non-Executive Director of Boart Longyear Limited (appointed 1 October 2014 and resigned September 2017), CSIRO, Norfolk Group, various companies in the MIM and Aurizon Groups and government and private sector advisory boards. She has acted as Chairperson of the Audit Committees of CSIRO, Norfolk Group and Pacific Aluminium.

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

MR JOHN A BEVAN

BCom

Independent
Non-Executive Director

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

Mr Bevan was formerly the Chief Executive Officer and Executive Director of Alumina Limited (June 2008 – December 2014). Prior to his 2008 appointment to Alumina Limited, he spent 29 years in the BOC Group Plc where he was a member of the Board of Directors and held a variety of senior management positions in Australia, Korea, Thailand, Singapore and the United Kingdom. Mr Bevan brings to the Board extensive commercial and operational experience gained through operating joint ventures in many parts of the world, particularly Asia.

MR MIKE FERRARO

LLB (HONS)

Managing Director and
Chief Executive Officer

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

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

EXECUTIVE MANAGEMENT

Alumina Limited's executive management team comprises:

MIKE FERRARO

LLB (Hons)

Chief Executive Officer and Managing Director

Prior to his appointment on 1 June 2017 as CEO and Managing Director, Mr Ferraro was a Non-Executive Director of Alumina Limited from 5 February 2014 to 31 May 2017 and Partner, Client Development Asia Pacific at Herbert Smith Freehills, a global law firm. He was also formerly global head of the firm's Corporate Group and a member of its executive management team. Mr Ferraro is also currently a Non-Executive Director of Helloworld Travel Limited (appointed January 2017).

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

Alumina has been able to pay most of its free cash flow to shareholders by way of dividends.

GALINA KRAEVA

BEcon Novosibirsk State University of Economics and Management (Russia), CA, FCCA

Interim Chief Financial Officer (appointed effective 16 November 2018)

Ms Kraeva joined Alumina Limited as Financial Controller in October 2012 and is currently acting as an interim Chief Financial Officer. Prior to joining Alumina Limited, Ms Kraeva spent 14 years with PricewaterhouseCoopers in Australia and Russia, most recently as a partner in its Melbourne office.

STEPHEN FOSTER

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

General Counsel and Company Secretary

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

ANDREW WOOD

BA LLB GDipAppCorpGov (GIA) FGIA, FCIS

Group Executive Strategy & Development

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

CHRIS THIRIS

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

Chief Financial Officer (retired 31 December 2018)

Chris Thiris joined Alumina Limited in September 2011 as Interim CFO and became CFO in December 2011. Prior to his retirement, he was responsible for accounting, treasury, investor relations and taxation. Mr Thiris has extensive experience in finance and other management functions gained through senior roles he has held at Orchard Funds Limited and Coles Group Limited.

LETTER BY CHAIR OF COMPENSATION COMMITTEE

Dear Shareholders,

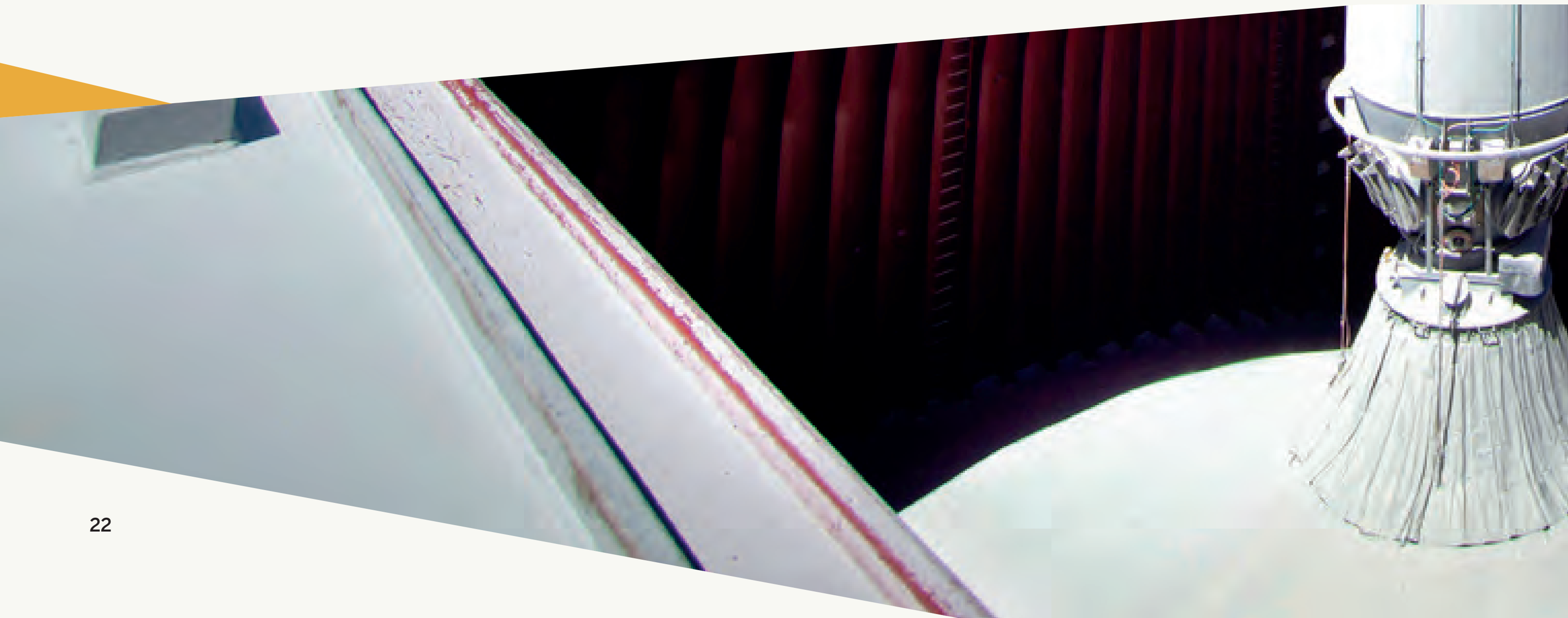
I am pleased to present Alumina Limited's 2018 remuneration report.

Company performance and strategic priorities

2018 represented a very good year for Alumina Limited, posting a record profit and returns to shareholders. The financial performance of the Company correlates to the improved market conditions coupled with the benefits of the asset portfolio transformation of recent years. Your Company's total shareholder return performed strongly in 2018 against its peers.

In 2016 the Alumina team completed the restructuring of the AWAC joint venture. In previous years and in more difficult market conditions, Alumina's executives have worked with Alcoa to improve the asset portfolio with resultant benefits in terms of cost quartile positioning. As the price of alumina increased, the improved cost base has resulted in superior returns for shareholders. In the more recent past, Alumina's Board charged Senior Executives to turn their minds to the future strategy of the business in the context of industry trends and development.

Within Alumina Limited, a series of objectives were formulated for 2018. A priority was to engage with Alcoa to assess the potential growth and synergies within the alumina and bauxite segments, whilst maintaining good working relationships with our joint venture partner. Alumina Limited's management provided Alcoa with, and contributed to, discussion and analysis of various potential projects within AWAC, providing a sounding board. This work draws on the knowledge, skills and experience of Alumina's senior team and goes to the heart of their value add for Alumina's shareholders.



Remuneration outcomes in 2018

In terms of the remuneration outcomes for 2018:

- base remuneration for the CEO (Chief Executive Officer) was increased by 2.5 per cent.
- for Executive KMP other than the CEO, and interim Chief Executive Officer, Short Term Incentives (STI's) awarded ranged from 60 per cent to 71 per cent of maximum, and 82 per cent to 89 per cent of target as they achieved most of the objectives set by the Board, either completely or partially. The Board believes these outcomes reflect the achievements and contributions of Executive KMP during the year, though note the STI outcomes were not driven exponentially upwards by the increased 2018 profit or dividend performance because this is a key tenet within Alumina's remuneration policy.
- Alumina's CEO's remuneration does not contain an STI. He is remunerated through fixed base pay and two equity-based components. Since his appointment* part way through 2017, his equity base has grown through the grant of rights and the rise in value of the company's share price. Of course, his experience will continue to mirror that of our shareholders.
- the Company's LTI scheme vested at a level of 96.88 per cent as shareholders enjoyed a Total Shareholder Return (TSR) of approximately 140 per cent over the three years of the scheme's performance period.
- the Board decided to defer reviewing Non-Executive Director fees by another year, and therefore will review them for 2020 rather than 2019 and so base fees remain unchanged since 2011.

We welcome your feedback on our remuneration report and I look forward to engaging with you on it.

Emma Stein - Chair

*2018 represents the first full year of his service as the data in the report shows.

REMUNERATION SUMMARY

This Remuneration Summary is an abridged version of the 2018 Remuneration Report. This summary provides some understanding of the Director and executive remuneration arrangements and outcomes of Alumina Limited.

For a more comprehensive disclosure of the Company's remuneration arrangements and outcomes, please review the 2018 (Remuneration Report) Annual Report on the Company website at **www.aluminalimited.com/annual_report_2018.**

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

REMUNERATION FRAMEWORK

PERSONS COVERED BY THIS REPORT

In this report, KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of the group, either directly or indirectly. They comprise:

- Non-Executive Directors (NED)
- Executive Directors
- Other Executives considered KMP.

NAME	ROLE	
NON-EXECUTIVE DIRECTORS		
Peter Day	Non-Executive Chairman	Appointed Chairman 1 April 2018 Director since 1 January 2014
John Pizzey	Non-Executive Chairman (retired)	Chairman from 1 December 2011 to 31 March 2018 Director from 8 June 2007 to 31 March 2018
Emma Stein	Non-Executive Director	Appointed 3 February 2011
Chen Zeng	Non-Executive Director	Appointed 15 March 2013
Deborah O'Toole	Non-Executive Director	Appointed 1 December 2017
John Bevan	Non-Executive Director	Appointed 1 January 2018
EXECUTIVE DIRECTORS		
Mike Ferraro	Chief Executive Officer (CEO)	Appointed CEO from 1 June 2017
Peter Wasow	Chief Executive Officer (CEO)	From 1 January 2014 to 31 May 2017
OTHER KMP		
Chris Thiris	Chief Financial Officer (CFO)	Appointed 13 December 2011 to 31 December 2018
Stephen Foster	General Counsel/Company Secretary	Appointed 4 December 2002
Andrew Wood	Group Executive Strategy & Development ("GE")	Employed 1 September 2008
Galina Kraeva	Interim Chief Financial Officer (ICFO)	Appointed 19 November 2018

REMUNERATION IN BUSINESS CONTEXT

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

Alumina Limited owns a 40 per cent interest in the multi-billion dollar global enterprise, AWAC, one of the world's largest bauxite and alumina producers. AWAC is a large capital-intensive business operating in a number of jurisdictions with some in remote locations. Alumina Limited's executives are responsible for protecting and advancing the interests of its approximately 53,000 shareholders in the management of AWAC. Consistent with the governing joint venture agreements, Alumina executives are responsible for providing strategic input and advice into the joint venture.

This, in turn, draws on their abilities to persuade and influence our joint venture partner to a common or at times, different conclusion. To do so, they are required to have a deep understanding of the complex trends and drivers of the global bauxite, aluminium and volatile alumina industry.

At the Board's direction, the CEO and Senior Executives are required to maintain Alumina Limited's financial metrics consistent with an investment grade rating, maximize cash flow from AWAC and support the joint venture in its efforts to improve its relative cost position and strategic options.

The latter responsibilities rest with a small team of four key executive officers. Alumina Limited requires and must retain, high calibre people with strong skills sets and commercial experience to ensure the Company and its investment are managed well. Hence, Alumina Limited's remuneration needs to be competitive, valued and relevant.

REMUNERATION STRATEGY

Alumina Limited's remuneration strategy is based on the following principles, which determine remuneration components, their mix and way of delivery.

REMUNERATION PRINCIPLES

ALIGNMENT
Our remuneration is designed to aid alignment of Company, Executive, Board and Stakeholder interests.

RELEVANCE
Appropriate mix of fixed and at risk components, short and long incentives reflecting a balance of financial and non-financial objectives relevant to the non-operating nature of the Company and specific executive roles.

SUSTAINABILITY
Remuneration that is market competitive, that attracts and retains executives with capabilities and expertise to deliver our strategy.

TRANSPARENCY
Remuneration outcomes that are based on a set of clear objectives and expectations linked to Company strategy.

CEO AND EXECUTIVE KMP COMPONENTS AND PAY MIX

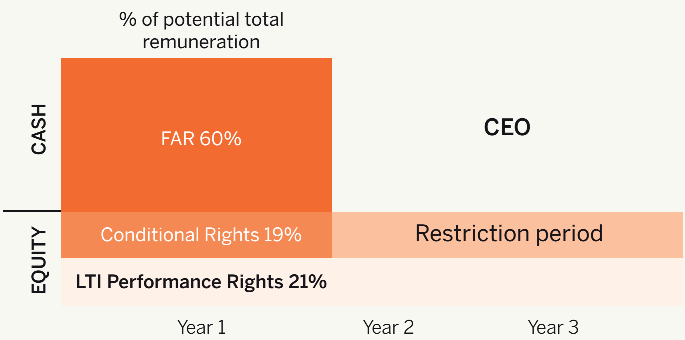
The following section sets out the different components of remuneration for the CEO and Senior Executives, the performance measures used to determine the amount of remuneration executives will receive and how they are aligned with Alumina Limited's remuneration strategy.

EXECUTIVE REMUNERATION COMPONENTS	FIXED REMUNERATION ("FAR")	CEO EQUITY BASED AWARD	SHORT-TERM INCENTIVE FOR SENIOR EXECUTIVES	LONG-TERM INCENTIVE (LTI)[1]
STRATEGIC INTENT	Attract and retain executives with the capability and experience to deliver our strategy.	Align performance focus with the long-term business strategy and shareholder experience.	Performance incentive directed to achieving Board approved targets, reflective of market circumstances.	Align performance focus with the long-term business strategy and shareholders experience.
PERFORMANCE MEASURE	FAR is set based on market relativities, reflecting responsibilities, qualifications, experience and effectiveness.	There is a 3-year trading restriction on the shares from grant date. The value of the equity remains subject to performance of the Company's share price.	STI performance criteria are set by reference to: • A minimum performance threshold requirement (the "Corporate Gate") • Financial metrics • Strategic Objectives • Individual performance and effort relevant to the specific objective.	LTI vesting is subject to service and performance tested 3 years from the grant date. The testing criteria is three-year Company TSR equal to or outperforming the median of the two (one local, one international) comparator groups (half of the LTI is attributable to each comparator group).
DELIVERY	Cash Payment	Conditional Rights	Mix of cash and equity • GE Strategy & Development: 100% cash • Company Secretary and CFO: 50% cash, 50% equity with 3 years trade restriction period	Performance Rights

[1] More detail on the STI and LTI remuneration components and their link to company performance is included in section 2 of this report.

CEO

In 2017, the Board changed the remuneration components of the CEO's remuneration package, whilst retaining existing remuneration structures for Senior Executives. The CEO's remuneration package comprises FAR, an annual grant of Conditional Rights subject to dealing restrictions, and an LTI. The package has been specifically designed to exclude an STI, which has been replaced with the restricted equity grant to focus the CEO on the long term.



In creating a new remuneration structure for the CEO, and in particular deciding whether an STI was relevant to the CEO role, the Board identified remuneration elements most aligned with the role of the CEO at Alumina Limited and the skills and experience of the individual who was appointed.

The aspects considered most important centred on strategic influence, long term value creation, joint-venture and industry relationships, identification of portfolio opportunities and leadership skills. A greater proportion of equity exposure (delivered via the Conditional Rights) within overall remuneration was thought to be more meaningful, drive long-term focus and a better measure of the CEO's performance. The value of CEO conditional rights will change over time, for example, any sustained retraction of the Company's share price will cause a drop in the value of the CEO's Conditional Rights and mirror the experience of shareholders.

When considering the value of each of the remuneration elements for the CEO's package, the Board also thought it continued to be appropriate to maintain total reward opportunity positioning in the lowest quartile when comparing the CEO's remuneration to that of companies of a comparable size, and ensure upswings in the cycle don't generate excessive incentive outcomes. As a total reward opportunity, the Board set the CEO remuneration at a level that would be attractive and yet reflect the non-operating nature of the company.

The Board continues to set specific annual objectives for the CEO. Progress is reviewed quarterly and at the end of the year. This process ensures there is a formal and transparent process

- from which to assess, discuss and hold accountable CEO performance in the short-term
- for the Board's expectations of the CEO to be communicated and ensure there is a shared understanding of how performance will be assessed (for example, what exceptional looks like versus good, or business as usual); and
- to align the CEO and Board's understanding of the priorities that will underpin long-term shareholder value creation.

The Board has turned its mind to the CEO's performance assessment framework and process in the last year, and has further refined its approach so that reward and recognition decisions for the CEO are underpinned by the performance assessment process.

SENIOR EXECUTIVES

Senior Executive remuneration packages comprise FAR, STI and a LTI. The STI component for the Senior Executives is considered appropriate and provides the CEO with a management tool to set annual priorities in the context of the Company's longer-term strategic plans, reinforced through the attachment of an incentive.

In 2018, the Board amended the "Corporate Gate" measure for the STI plan. It is a minimum performance threshold requirement, whereby the Company must pay a dividend or report an underlying profit before significant items. Significant items include any positive or negative one-off items such as profit on asset sales, asset impairments or generally any matter which is not recurring.

If the "Corporate Gate" is not satisfied the overall scorecard performance scores will be halved in determining STI payments.

The distinction between Corporate and Personal objectives has been removed, instead the Company strategic, financial and non-financial objectives are identified. Some Company objectives are weighted differently for each of the KMP depending on the expected level of input and responsibilities assigned. At the end of the year performance is evaluated based on the status of objective completion and individual performance relevant to the specific objective.

In the Board's opinion this change to the STI performance scorecard will direct Executive focus to the most significant business priorities, promote teamwork and present transparent and equitable basis of the performance assessment. Change to the STI performance scorecard has no effect on the structure of the CEO's and Senior Executives' remuneration components.

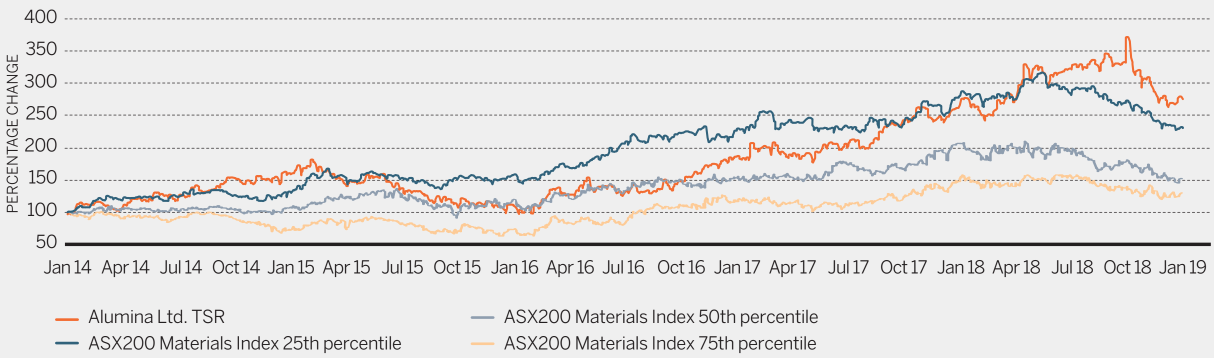
COMPANY PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

COMPANY PERFORMANCE

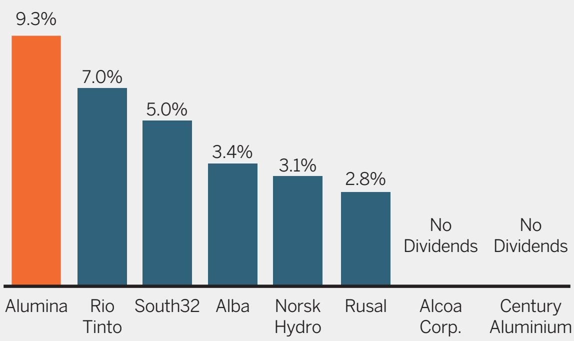
In terms of financial performance, 2018 has been a record year for Alumina Limited and the AWAC business. As market conditions improved over the last couple of year, so did Company performance.

Alumina Limited's Total Shareholder Return (TSR) comparative to relevant ASX indices, reveals a trend of improving returns to investors since 2016 following the completion of AWAC's asset portfolio transformation.

ALUMINA LTD. (INCL. FRANKING CREDITS) (A$) 2014–2018
ASX200 MATERIALS COMPANY TSR'S (INCL. FRANKING CREDITS) (A$)



AVERAGE DIVIDEND YIELD
(PAST THREE YEARS EXCLUDING FRANKING CREDITS)

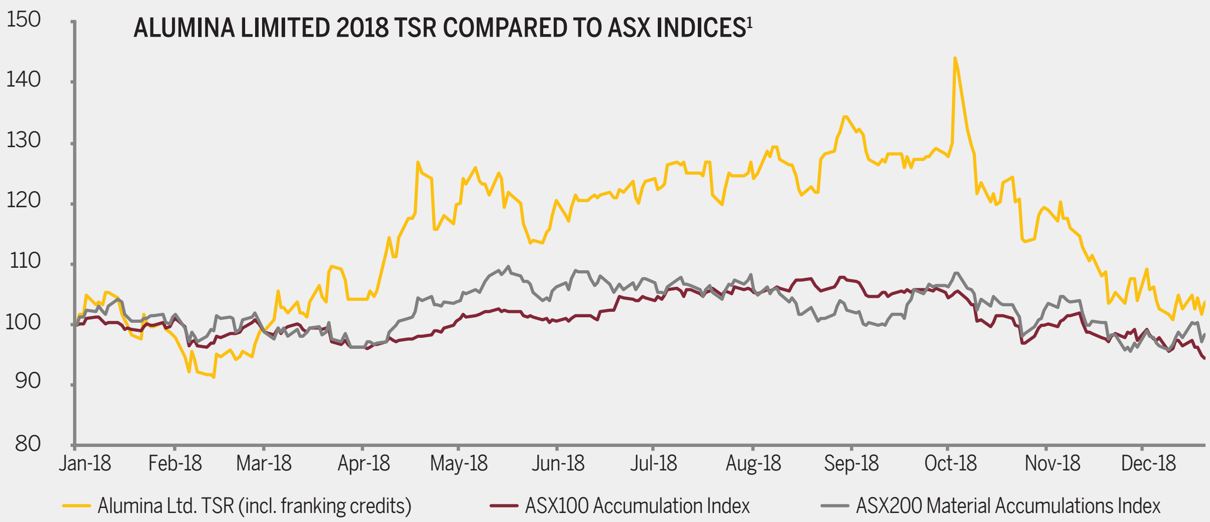


Share price and dividend distributions have improved over the period leading up to record results in 2018 for Alumina Limited and AWAC. The chart shows that Alumina Limited, with an average yield of 9.3% over the last three years, has compared very favourably to the yields of our peers.

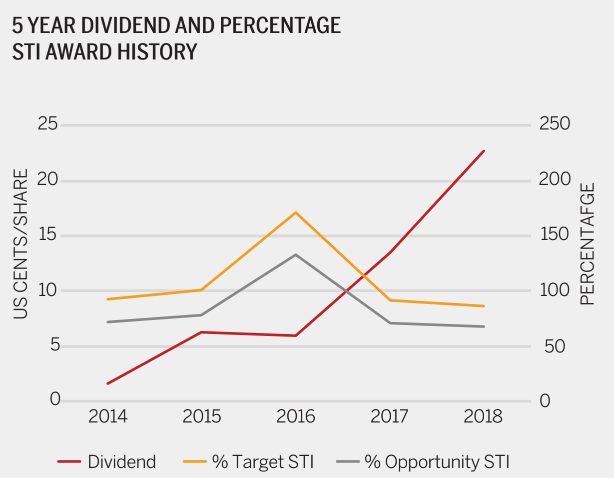
Alumina Limited's profit increased from US$339.8 million in 2017 to US$635.4 million in 2018 (an increase of 87%). This increase was largely due to higher alumina prices. AWAC's strong financial performance meant that our net cash receipts for the year more than doubled compared to the previous year and totalled US$787 million. This enabled Alumina Limited to pay record dividends totalling 22.7 US cents per share.

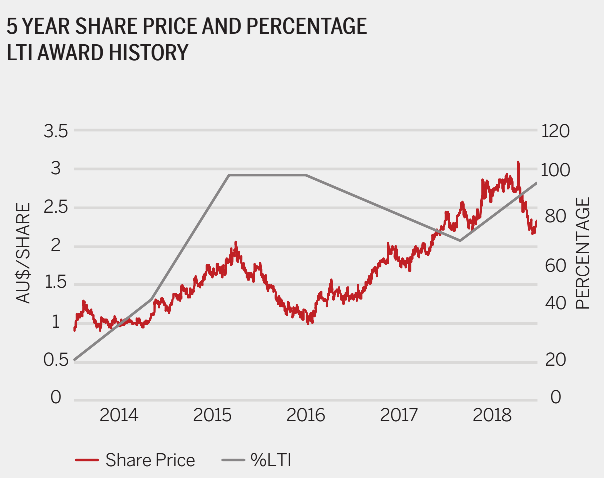
The diagrams that follow highlight Alumina Limited's performance against market indicators.

ALUMINA LIMITED 2018 TSR COMPARED TO ASX INDICES[1]



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





Strong financial results and a positive outlook saw Alumina Limited reinstated to investment grade credit status by S&P in May 2018.

Following the substantial completion of the restructuring of the AWAC asset portfolio in previous years, it was time for Alumina's Board and Management to turn their minds to the future strategy of the business in the context of industry trends and development.

Within Alumina Limited, a series of objectives were formulated for 2018. A priority was to engage with Alcoa to assess the potential growth and synergies within the alumina and bauxite segments, whilst maintaining good working relationships with our joint venture partner. Alumina Limited's management provided Alcoa with, and contributed to, discussion and analysis of various potential projects within AWAC, providing a sounding board.

2018 objectives provided a good blend of financial, non-financial and strategic objectives. The actual remuneration outcomes reflect a balanced approach to objective setting, whereby short-term awards, particularly STI, are not being inflated just because of the favourable market environment and prices, but equally long-term awards represent ongoing effort on strengthening Company performance and matching our shareholder's experience.

REMUNERATION DECISIONS AND OUTCOMES FOR 2018

	FIXED REMUNERATION
2018 OUTCOMES	Fixed remuneration for the CEO (including conditional rights) and the General Counsel/Company Secretary increased in 2018 by 2.5%, which was in line with the increases paid to staff in the company except for two staff members who received a higher increase in base remuneration due to changes in their respective responsibilities. Fixed remuneration for the Group Executive Strategy & Development increased by 7% in 2018. Following the retirement of long-term CFO, Chris Thiris, Ms Kraeva was appointed interim CFO effective 19 November 2018. Ms Kraeva's FAR was set at $600,000 and will be kept at this level whilst she remains an Interim CFO.
	SHORT TERM INCENTIVE
2018 OUTCOMES	In 2018, STI payments were assessed against nine corporate objectives: two financial objectives, four strategic and three non-financial objectives. "Corporate Gate" requirements were satisfied therefore STI was assessed based on 100% of the potential award. Senior Executives (excluding the interim CFO), achieved on average 66% of the maximum STI. Given Ms Kraeva's short period in the role, her performance was not assessed against the 2018 scorecard, but instead against personal targets set out at the beginning of the year.
	LONG TERM INCENTIVE
2018 OUTCOMES	The FY16 LTI was tested in 2018 (testing period December 2015 to December 2018) with 96.88% of the total award vesting. Alumina Limited's performance against the ASX Comparator group exceeded the 75th percentile and therefore 100 per cent of the potential entitlement vested. In relation to the International Comparator Group, Alumina Limited's performance was just below the 75th percentile. This resulted in an overall average of 97 per cent of the potential entitlement vesting.

CEO AND SENIOR EXECUTIVES STATUTORY REMUNERATION

The following table shows details of the remuneration expense recognised for the Group's KMP for the current and previous financial year measured in accordance with the requirements of the accounting standards. Amounts shown under share-based payments reflect the accounting expense recorded during the year with respect to awards that have or are yet to vest.

KMP	YEAR	SHORT-TERM BENEFITS (A$)				
		FAR[1]	STI	Non-Monetary[2]	Other[3]	Total
Mike Ferraro[7]	**2018**	**1,286,610**	–	**33,047**	**13,261**	**1,332,918**
	2017	731,502	–	18,543	–	750,045
Peter Wasow	2017	899,473	185,653	–	4,065	1,089,191
Chris Thiris	**2018**	**701,400**	**335,420**	**27,607**	–	**1,064,427**
	2017	678,712	355,000	26,371	7,798	1,067,881
Galina Kraeva[8]	**2018**	**70,239**	**16,000**	**1,482**	**–**	**87,721**
Stephen Foster	**2018**	**517,700**	**270,000**	**(8,156)**	–	**779,544**
	2017	499,600	265,000	24,213	–	788,813
Andrew Wood	**2018**	**384,710**	**122,000**	**17,402**	–	**524,112**
	2017	353,768	119,000	11,204	–	483,972
Total Executive Remuneration	**2018**	**2,960,659**	**743,420**	**71,382**	**13,261**	**3,788,722**
	2017	3,163,055	924,653	80,331	11,863	4,179,902

[1] FAR is the total cash cost of salary, exclusive of superannuation.

[2] Non-monetary benefits represent the movement in accrued long service leave and value of the car park.

[3] Other short-term benefits include personal financial advice allowance and travel allowance.

[4] Superannuation and termination reflect the SGC contributions for all KMP and termination payments (payments in lieu) for Mr Chris Thiris (2017: Mr Peter Wasow).

[5] The CEO's remuneration package includes a conditional rights component. In accordance with AASB 2, the value attributed to the conditional rights represents the amortisation for the reporting period of the value at grant date of all previously granted conditional rights that have neither vested nor lapsed.

POST EMPLOYMENT BENEFITS (A$)	SHARE BASED PAYMENTS (A$)			TOTAL REMUNERATION (A$)
Superannuation and termination[4]	Conditional Rights[5]	Performance Rights[6]	Total	
20,290	**507,222**	**181,536**	**688,758**	**2,041,966**
12,248	136,111	59,265	195,376	957,669
1,034,356	292,675	175,436	468,111	2,591,658
452,402	**–**	**10,256**	**10,256**	**1,527,085**
29,988	–	181,694	181,694	1,279,563
2,488	**–**	**4,923**	**4,923**	**95,132**
25,000	**–**	**135,253**	**135,253**	**939,797**
29,900	–	135,995	135,995	954,708
20,290	**–**	**72,998**	**72,998**	**617,400**
19,832	–	71,842	71,842	575,646
520,470	**507,222**	**404,966**	**912,188**	**5,221,380**
1,126,324	428,786	624,232	1,053,018	6,359,244

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

[7] Mr Ferraro appointed CEO from 1 June 2017.

[8] Ms Kraeva appointed Interim CFO from 19 November 2018.

ACTUAL "TAKE HOME" 2018 REMUNERATION AWARDED TO CEO AND SENIOR EXECUTIVES

The actual remuneration awarded during the year comprises the following elements:

- Cash salary including superannuation benefits and any salary sacrifice arrangements, but excluding termination payments;
- Other short-term benefits comprised of the personal financial advice allowance and travel allowance
- STI cash payment;
- Conditional Rights vested (being the number of conditional rights that vested multiplied by the market price at the vesting date);
- LTI vested and exercised (being the number of performance rights that vested and exercised multiplied by the market price at the exercise date).

These values differ from the executive statutory remuneration table and have not been prepared in accordance with statutory requirements and Australian Accounting Standards.

KMP	YEAR	SHORT-TERM BENEFITS (A$)			
		FAR including superannuation	STI	Other	Total
Mike Ferraro[1]	**2018**	**1,306,900**	–	**13,261**	**1,320,161**
	2017	743,750	–	–	743,750
Peter Wasow[2]	2017	914,293	185,653	4,065	1,104,011
Chris Thiris[2]	**2018**	**726,400**	**335,420**	–	**1,061,820**
	2017	708,700	355,000	7,798	1,071,498
Galina Kraeva[3]	**2018**	**72,727**	**16,000**	**–**	**88,727**
Stephen Foster	**2018**	**542,700**	**270,000**	–	**812,700**
	2017	529,500	265,000	–	794,500
Andrew Wood	**2018**	**405,000**	**122,000**	–	**527,000**
	2017	373,600	119,000	–	492,600
Total Executive Remuneration	**2018**	**3,053,727**	**743,420**	**13,261**	**3,810,408**
	2017	3,269,843	924,653	11,863	4,206,359

[1] Mr Ferraro appointed CEO from 1 June 2017.
[2] Termination payments for Mr Thiris and Mr Wasow are included in the table on page 30.
[3] Ms Kraeva appointed Interim CFO from 19 November 2018.

	SHARE BASED PAYMENTS (A$)			TOTAL "TAKE HOME" REMUNERATION, EXCLUDING TERMINATION (A$)	TOTAL STATUTORY REMUNERATION, EXCLUDING TERMINATION (A$)
	Conditional Rights	Performance Rights[6]	Total		
	333,508	**–**	**333,508**	**1,653,669**	**2,041,966**
	–	–	–	743,750	957,669
	597,973	385,019	982,992	2,087,003	1,572,122
	–	**502,331**	**502,331**	**1,564,151**	**1,099,683**
	–	292,400	292,400	1,363,898	1,279,563
	–	**–**	**–**	**88,727**	**95,132**
	–	**–**	**–**	**812,700**	**939,797**
	–	219,705	219,705	1,014,205	954,708
	–	**198,526**	**198,526**	**725,526**	**617,400**
	–	115,598	115,598	608,198	575,646
	333,508	**700,857**	**1,034,365**	**4,844,773**	**4,793,978**
	597,973	1,012,722	1,610,695	5,817,054	5,339,708

RECONCILIATION OF ORDINARY SHARES HELD BY KMP

KMP	YEAR[1]	NUMBER OF ORDINARY SHARES					
		Total as at 1 January[1]	Acquired during the year under LTI[2]	Acquired during the year CEO Conditional Rights	Other shares acquired during the year	Sold during the year	Total as at 31 December
Mike Ferraro	**2018**	**68,000**	–	**122,164**	–	–	**190,164**
	2017	68,000	–	–	–	–	68,000
Peter Wasow	2017	455,838	159,759	294,568	–	(910,165)	–
Chris Thiris	**2018**	**900,000**	**230,381**	–	–	–	**1,130,381**
	2017	814,000	121,328	–	38,100	(73,428)	900,000
Galina Kraeva	**2018**	**25,770**	–	–	–	–	**25,770**
Stephen Foster	**2018**	**765,748**	–	–	**32,486**	–	**798,234**
	2017	739,717	91,164	–	28,867	(94,000)	765,748
Andrew Wood	**2018**	**197,966**	**91,067**	–	–	–	**289,033**
	2017	150,000	47,966	–	–	–	197,966

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

[2] For 2018, includes 2016 vested and exercised Performance Rights that were tested in December 2018. For 2017, includes vested 2015 Performance Rights that were tested in December 2017.

NON-EXECUTIVE DIRECTORS REMUNERATION

REMUNERATION OUTCOMES IN 2018

The maximum remuneration for Non-Executive Directors is determined by resolution of shareholders. At the 2016 AGM, shareholders approved a maximum aggregate remuneration of $1,500,000 per annum for Non-Executive Directors. A total of $1,220,300 was paid in Non-Executive Director fees in 2018.

Other than the Chairman, who receives a single base fee of $410,000 (inclusive superannuation), Non-Executive Directors receive a base fee plus additional fees for membership of Board Committees and superannuation contribution.
Non-Executive Directors do not participate in incentive plans or receive any retirement benefits other than statutory superannuation contributions. There were no changes to NED remuneration base fees in 2018. The Board decided to defer the 2019 review of fees until 2020 and subsequently there will be no increase of fees in 2019.

	A$
Base fee	150,000
Compensation Committee – Chair	30,000
Compensation Committee – Member	5,000
Audit and Risk Management Committee – Chair	30,000
Audit and Risk Management Committee – Member	5,000
Nomination Committee – Chair	10,000
Nomination Committee – Member	–

All non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Table below provides summary of the actual remuneration received by each Non-Executive Director and is prepared in accordance with statutory requirements and relevant accounting standards.

NON-EXECUTIVE DIRECTOR	YEAR	SHORT-TERM BENEFITS (A$)			POST-EMPLOYMENT BENEFITS (A$)	TOTAL REMUNERATION (A$)
		Fees	Non-Monetary	Total	Superannuation[1]	
John Pizzey[2]	**2018**	**97,488**	–	**97,488**	**5,012**	**102,500**
	2017	390,168	–	390,168	19,832	410,000
Peter Day[2,3]	**2018**	**338,472**	–	**338,472**	**19,672**	**358,144**
	2017	184,147	–	184,147	17,503	201,650
Emma Stein[4]	**2018**	**187,500**	–	**187,500**	**17,813**	**205,313**
	2017	189,953	–	189,953	18,055	208,008
Deborah O'Toole[3]	**2018**	**178,750**	–	**178,750**	**16,981**	**195,731**
	2017	13,333	–	13,333	1,267	14,600
Chen Zeng	**2018**	**160,000**	–	**160,000**	**15,200**	**175,200**
	2017	159,262	–	159,262	15,138	174,400
John Bevan[4]	**2018**	**167,500**	–	**167,500**	**15,912**	**183,412**
Mike Ferraro[5]	2017	70,507	–	70,507	6,702	77,209
Total Non-Executive Director Remuneration	**2018**	**1,129,710**	–	**1,129,710**	**90,590**	**1,220,300**
	2017	1,007,370	–	1,007,370	78,497	1,085,867

[1] The applicable superannuation contribution rate for 2018 and 2017 was 9.5 per cent.

[2] Mr Pizzey retired as a Non-Executive Director and Chairman on 31 March 2018. Mr Day was appointed as Chairman on 1 April 2018.

[3] Mr Day has resigned as Chair of the Audit and Risk Management Committee ("ARMC") on 31 March 2018. Ms O'Toole was appointed a Chair of ARMC on 1 April 2018. Ms O'Toole was appointed a Non-Executive Director on 1 December 2017.

[4] Ms Stein has resigned as Chair of the Nomination Committee on 31 March 2018. Mr Bevan was appointed as Chair of the Nomination Committee on 1 April 2018. Mr Bevan was appointed a Non-Executive Director on 1 January 2018.

[5] Mr Ferraro resigned as a Non-Executive Director on 31 May 2017 and was appointed to the position of Chief Executive Officer and Managing Director on 1 June 2017.

NON-EXECUTIVE DIRECTORS SHARE HOLDINGS

Each Non-Executive Director is required to hold shares in the Company having a value at least equal to 50 per cent of their annual fees within five years from their appointment as a Director.

KMP	YEAR	NUMBER OF SHARES AS AT 1 JANUARY[1]	NUMBER OF SHARES ACQUIRED DURING THE YEAR	NUMBER OF SHARES AS AT 31 DECEMBER[1]
John Pizzey[2]	2017	82,111	8,500	90,611
Peter Day	**2018**	**75,720**	–	**75,720**
	2017	75,720	–	75,720
Emma Stein	**2018**	**84,794**	–	**84,794**
	2017	75,808	8,986	84,794
Deborah O'Toole[3]	**2018**	–	**8,000**	**8,000**
	2017	–	–	–
Chen Zeng[4]	**2018**	**4,804**	–	**4,804**
	2017	4,804	–	4,804
John Bevan	**2018**	**300,154**	–	**300,154**

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

[2] Mr Pizzey retired as a Non-Executive Director and Chairman on 31 March 2018.

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	US$ MILLION	
	31 DEC 2018	31 DEC 2017
CURRENT ASSETS		
Cash and cash equivalents	183.8	40.0
Other assets	1.1	1.8
Total current assets	**184.9**	**41.8**
NON-CURRENT ASSETS		
Investment in associates	2,060.2	2,301.0
Property, plant and equipment	-	0.1
Total non-current assets	**2,060.2**	**2,301.1**
TOTAL ASSETS	**2,245.1**	**2,342.9**
CURRENT LIABILITIES		
Payables	1.2	1.3
Borrowings	88.0	–
Derivative financial instruments	19.0	–
Provisions	0.2	0.3
Other liabilities	0.4	0.1
Total current liabilities	**108.8**	**1.7**
NON-CURRENT LIABILITIES		
Borrowings	–	98.4
Derivative financial instruments	–	8.3
Provisions	0.5	0.5
Total non-current liabilities	**0.5**	**107.2**
TOTAL LIABILITIES	**109.3**	**109.9**
NET ASSETS	**2,135.8**	**2,234.0**
EQUITY		
Contributed equity	2,682.9	2,682.9
Treasury shares	(1.2)	(0.9)
Reserves	(1,252.0)	(1,034.7)
Retained earnings	706.1	586.7
TOTAL EQUITY	**2,135.8**	**2,234.0**

FINANCIAL HISTORY

ALUMINA LIMITED AND CONTROLLED ENTITIES

AS AT 31 DECEMBER	2018 US$ MILLIONS	2017 US$ MILLIONS	2016 US$ MILLIONS	2015 US$ MILLIONS	2014 US$ MILLIONS
Revenue from continuing operations	**1.6**	0.6	0.6	0.1	0.1
Share of net profit/(loss) of associates accounted for using the equity method	**653.5**	360.4	18.1	109.9	(73.6)
Other income	**–**	–	–	–	1.5
General and administrative expenses	**(11.6)**	(13.6)	(25.7)	(11.9)	(13.5)
Change in fair value of derivatives/foreign exchange losses	**(1.4)**	0.7	(14.1)	(3.2)	1.6
Finance costs	**(6.7)**	(8.3)	(9.1)	(6.6)	(13.6)
Income tax (expense)/benefit from continuing operations	**–**	–	–	–	(0.8)
Net (loss)/profit attributable to owners of Alumina Limited	**635.4**	339.8	(30.2)	88.3	(98.3)
Total assets	**2,245.1**	2,342.9	2,117.8	2,110.7	2,543.2
Total liabilities	**109.3**	109.9	110.9	127.8	119.2
Net assets	**2,135.8**	2,234.0	2,006.9	1,982.9	2,424.0
Shareholders' funds	**2,135.8**	2,234.0	2,006.9	1,982.9	2,424.0
Dividends paid	**515.5**[2]	210.2	135.3	171.2	–
Dividends received from AWAC	**657.2**	278.1	150.2	61.4	16.0
Statistics					
Dividends declared per ordinary share	**22.7c**	13.5c	6.0c	6.3c	1.6c
Dividend payout ratio	**81%**	62%	–	202%	–
Return on equity[1]	**30.3%**	15.8%	(1.5)%	3.9%	(3.5)%
Gearing (net debt to equity)	**(4.3)%**	2.5%	4.0%	4.8%	3.4%
Net tangible assets backing per share	**$0.66**	$0.69	$0.61	$0.60	$0.77

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

[2] Final dividend for the financial year ended 31 December 2017, declared and paid in 2018 and interim dividend for the year ended 31 December 2018, declared and paid in 2018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Alumina Limited

ABN 85 004 820 419
Registered Corporate Head Office
Level 12, IBM Centre 60 City Road
Southbank Victoria 3006 Australia

GPO Box 5411
Melbourne Victoria 3001 Australia
Telephone +61 (0)3 8699 2600
Facsimile +61 (0)3 8699 2699
Website www.aluminalimited.com
Email info@aluminalimited.com

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AMERICAN DEPOSITARY RECEIPTS

BNY Mellon shareowner services telephone
and internet correspondence:
Toll free number (for callers within the USA)
1-888-BNY-ADRS (1-888-269-2377)
Telephone (for non-US callers) +1 201-680-6825
Website: https://www-us.computershare.com/investor
Email: shrrelations@cpushareownerservices.com

Shareowner correspondence should be mailed to:
BNY Mellon Shareowner Services
P.O. Box 505000
Louisville, KY 40233-5000

Overnight Shareowner correspondence
should be mailed to:
462 South 4th Street Suite 1600
Louisville, KY 40202
UNITED STATES

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SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls 452 Johnston Street
Abbotsford Victoria 3067 Australia

GPO Box 2975
Melbourne Victoria 3001 Australia
Telephone +61(0)3 9415 4027
Or 1300 556 050 (for callers within Australia)
Facsimile +61(0)3 9473 2500
Email web.queries@computershare.com.au

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Alumina Limited's shares trade on the Australian Securities Exchange and also trades as American Depositary Receipts in the US on the OTCQX market.

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Alumina Limited's shareholders experienced a Total Shareholder Return of approximately 140 per cent over three years.