Alumina Limited
2009 Full Year Results

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Disciplined Performance in Difficult Year

- Global bauxite and alumina business profitable
- Smelters returned to profitability in 4Q
- Cash from trading strengthened in 2H
- Major expansion project in commissioning
- Improved market conditions
- Strengthened balance sheet and extended debt maturities
- Dividend declared of 2 cents per share fully franked

	FY09 A$m	FY08 A$m
Underlying earnings	(2)	202
NPAT	(26)	168
Dividends from AWAC	176	356

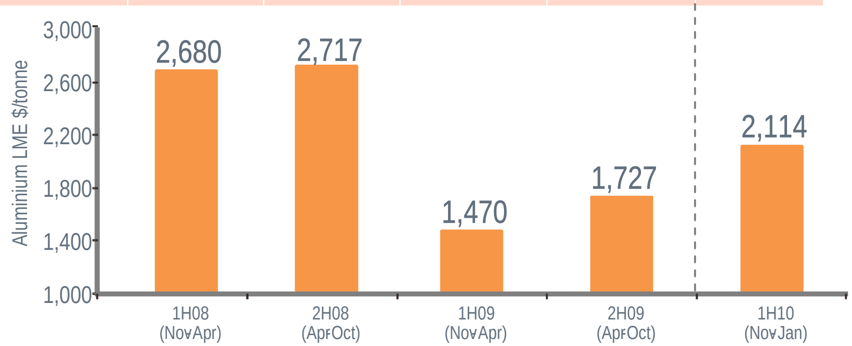
Operational Performance

Significant Market Improvement in Final Quarter

- Pricing improving, but below 2008 levels
- Market linkage prices up >1% and increase in spot sales
- AWAC production adjusted to meet demand
  - Heavy curtailments in 1H
  - Record shipments in 4Q
- Chinese smelting capacity restarts drove stronger sales in 4Q

Lagged Pricing

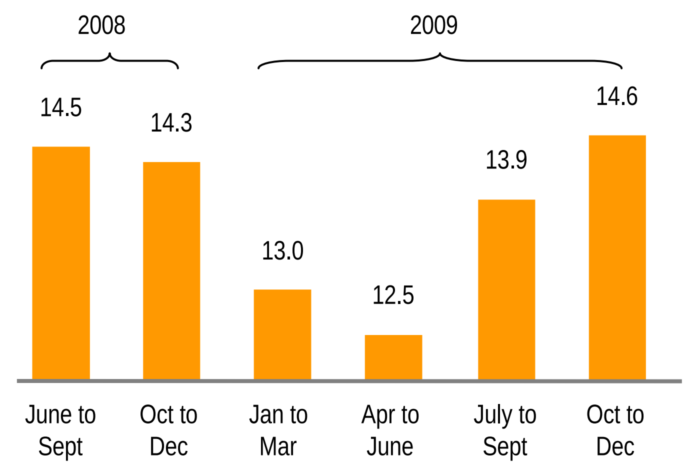
	1H08	2H08	1H09	2H09	1Q10
Average AUD/USD rate	0.92	0.78	0.71	0.87	



The 2009 result reflects a sales pricing period from November 2008 to October 2009, but a cost structure of the calendar year

Note: Monthly average price is calculated using the daily spot LME prices
Source: Bloomberg (21-January-2010)

AWAC Alumina Production*



** Annualised quarterly production*
Total Production 2009 13.5m tonnes

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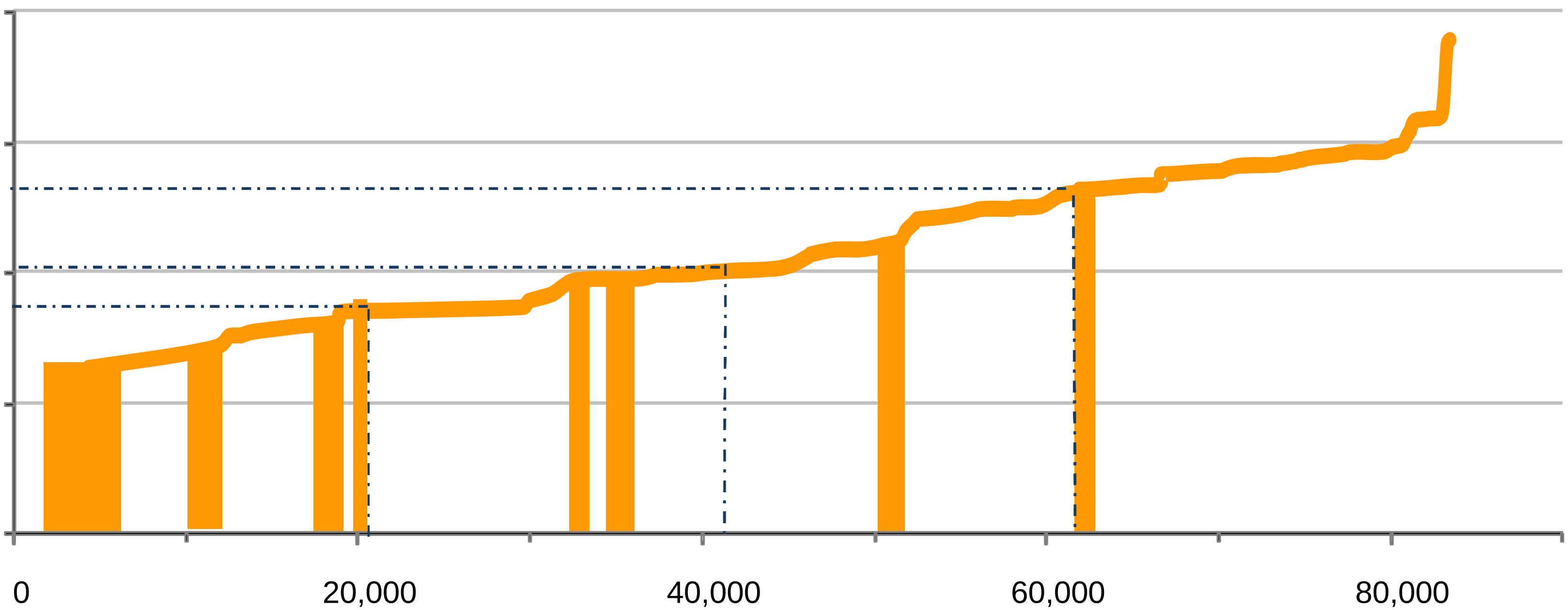
Production Emphasis on Low Cost Tier 1 Plants

- Australian Plants
  - Record production through creep
  - Tier 1 cluster
  - 67% of 2009 production
- Mid Tier Plants
  - Jamalco record production
  - Sao Luis commissioned and ramping to 1st quartile costs
  - Suralco curtailed 40%
  - 16% of 2009 production
- Point Comfort/San Ciprian
  - Point Comfort adjusted to meet demand
  - 17% of 2009 production

World Refinery Cost Curve

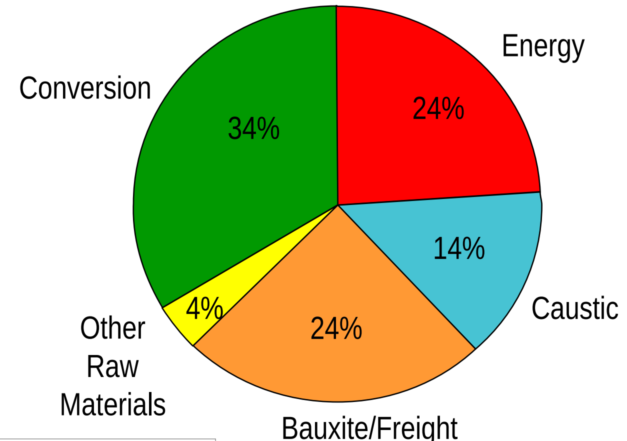


Source: CRU, Alcoa analysis

Significant Improvement in Cost of Alumina Production

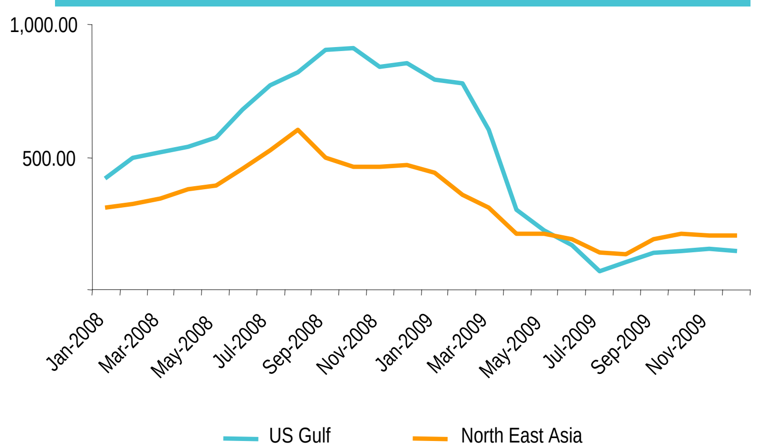
- Cost of production reduced
- Strengthening AUD had negative impact in 2H
- Energy
  - down over 50% YoY
  - 2H 43% higher than 1H
- Bauxite/Freight
  - down 20% yoy
  - 2H 16% higher than 1H
- Caustic
  - peaked in 1Q and improved in 2H
  - small net improvement YoY
- Overheads
  - down 15% through staff reductions, wage freezes and other initiatives
  - retained capacity to manage return to higher levels of production
  - leaner base going into 2010

Key Inputs 2009 (Cash Costs)



Source: Alumina Limited

Caustic (spot prices)



Source: CMAI

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AWAC Production Capacity Increased > 2mtpa

Completed new expansion of Tier 1 Assets in Brazil

New 1.1m tonnes of capacity

Acquired 45% stake in Suralco

Increased capacity by 1.0m tonnes

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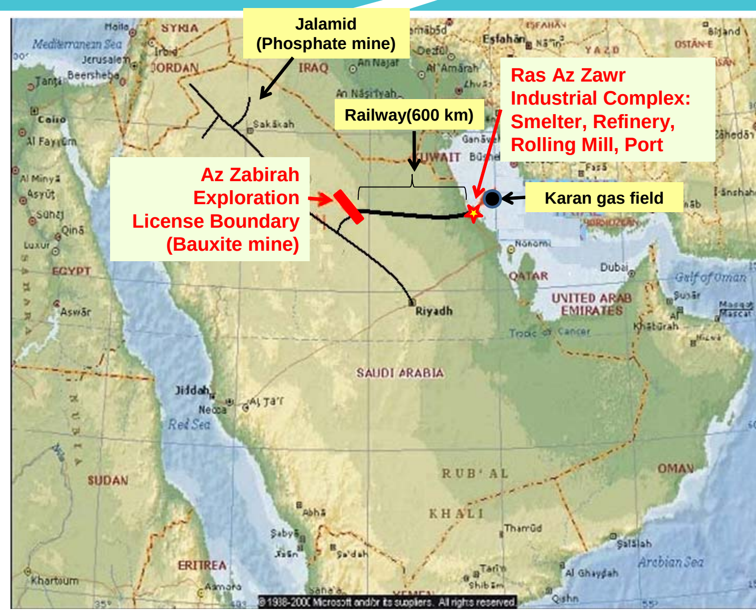
Ma’aden – AWAC Joint Venture Provides Further Growth Opportunity

Bauxite Mine → **Refinery**

- Al Ba’itha mine
- 4 MMT annually
- 30+ years of bauxite
- Direct rail line to refinery
- Operational 2014



- Located at Ras Az Zawr
- 1.8 MMT annually
- Operational 2014
- Adjoining 740ktpa smelter (2013), expandable by a further 1,480ktpa
- Potentially world’s lowest cost refinery

- AWAC share is 20%
- Initial supply of alumina from existing AWAC plants
- Alumina Limited equity contribution estimated to be US$120m over 4 years
- Project finance estimated to be 60% finance – 40% equity
- Project managed by Ma’aden and Alcoa joint management company

Opportunity to participate in new Tier 1 asset at modest capital contribution

Alumina Limited Enters 2010 in a Stronger Position Than 2009

- ✓ Market conditions stronger
  - Pricing - Jan 2010 LME prices approximately 55% higher than Jan 2009
  - Demand - return to growth
- ✓ Alumina production forecast to increase 2mt to meet increased customer demand
- ✓ Downside protection for higher cost refineries through ‘margin lock
- ✓ No major capital expenditure
- ✓ Strong balance sheet and no debt due in 2010

Alumina Limited believes that the market conditions and outlook, coupled with a strengthening of the AWAC business will lead to improved returns in 2010

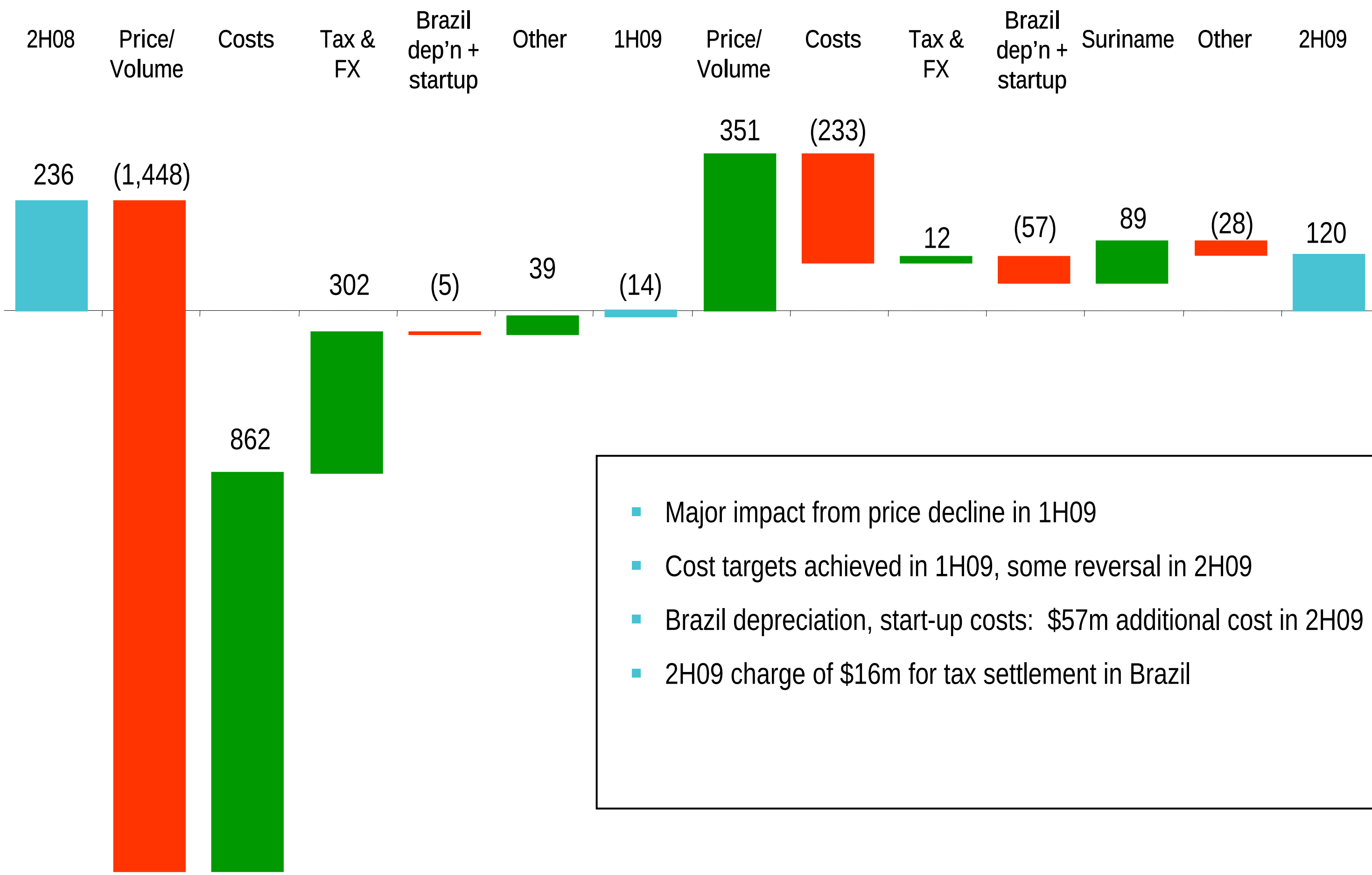
Financial Report

Alumina Limited Profit & Loss

- Alumina Limited share of AWAC profit impacted by lower prices and weaker USD, partially offset by reduced costs
- A$15m profit mainly on Brazilian Real option in 2009
- Corporate costs reduced following several one-off costs in 2008
- Borrowing costs down due to restructured balance sheet
- Strong cash flows
  - Received A$176m in dividends
  - Cash before financing/investing A$139m

	FY09 A$m	FY08 A$m
Equity Share of AWAC PAT	28	276
Gains on Real Instruments	15	(8)
Corporate Costs	(13)	(19)
Borrowing Costs	(33)	(44)
Tax Credit/(Expense)	1	(3)
Underlying Earnings	(2)	202
Embedded Derivative, AWAC	(46)	69
Pension Costs, AWAC	22	(103)
Net Profit After Tax	(26)	168

AWAC Profit & Loss



- Major impact from price decline in 1H09
- Cost targets achieved in 1H09, some reversal in 2H09
- Brazil depreciation, start-up costs: $57m additional cost in 2H09
- 2H09 charge of $16m for tax settlement in Brazil

All figures in US$millions

AWAC Cash Flow and Balance Sheet

- US$305m cash generated from trading activities
- Cash conservation program focused on receivables and inventories
- Net change in non-current assets/liabilities from VAT, pensions

AWAC Cash Flow (US GAAP)

	2009 US$m	2008 US$m
Net Income	106	592
Depreciation	315	295
Decrease (Increase) in Receivables	189	(59)
Decrease (Increase) in Inventories	101	(190)
(Decrease) Increase in Accounts Payable	(130)	113
Other	(276)	155
Cash from Trading Activities	305	906
Net Change in Non-Current Assets and Liabilities	(369)	(255)
Cash from Operations	(64)	651

VAT in Brazil

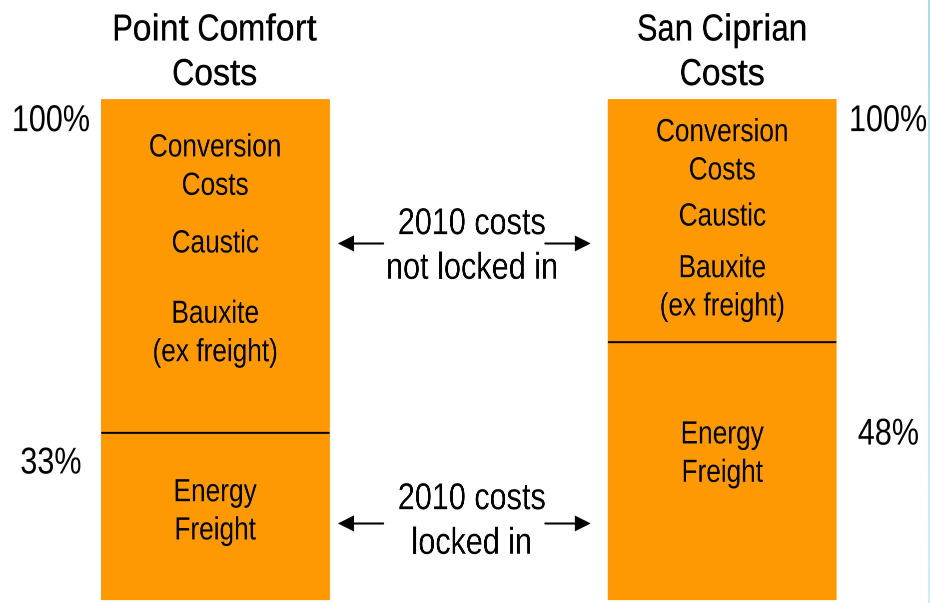
- Balance of US$372m
- Additional outflow of US$145m in 2009
- VAT is expected to be recovered from sales

Brazil Investment

- Alumina share US$336m in 2009
- Estimated total remains below previously advised US$1.4bn

2010 Margin for Point Comfort & San Ciprian Refineries has Been ‘Locked In’

- Hedges executed during 2H 2009
- Reduces potential downside from higher cost refineries should LME decline significantly
- Revenue hedged
- Energy and freight prices locked in
- Euro input costs hedged in San Ciprian



Estimated EBITDA from Point Comfort and San Ciprian more than US$100m greater than 2009

Alumina Funding Diversified and Maturities Extended

As at year end:

- Undrawn committed facilities
  - US$187m, maturing 2011
  - US$300m, maturing 2012
- No 2010 facility rollovers

- Brazil National Development Bank
  - Support for Brazil projects
  - 6.5 year amortising loan
  - US$305m
  - Blended interest rate, most LIBOR based

A Conservative and Prudent Approach to Funding

Net debt A$342m

Gearing 9%

Change to Currency of Reporting in 2010

- Alumina Limited will report in US dollars for year ended 2010
- Functional currency change
- Alignment with AWAC currency will assist investors
- No change to AWAC reporting in US dollars

Guidance for 2010

Production
Alumina: 15.8mt (subject to demand)
Aluminium: 355kt (subject to demand)

- Costs of production remain flat, subject to exchange rate and pressures on inputs
- Corporate costs in line with 2009 in AUD terms
- AWAC growth capex US$200m
- AWAC sustaining capex US$200m

LME for Aluminium

Approximate Impact on AWAC	Approximate Impact on Alumina
+/- $100/t: +/- US$160m before tax	+/- 1 cent/lb: +/-US$14m before tax

AUD/USD Exchange Rate

Approximate Impact on AWAC	Approximate Impact on Alumina
+/- 10%: -/ + US$173m before tax	+/- 1 cent: -/ + US$9m before tax

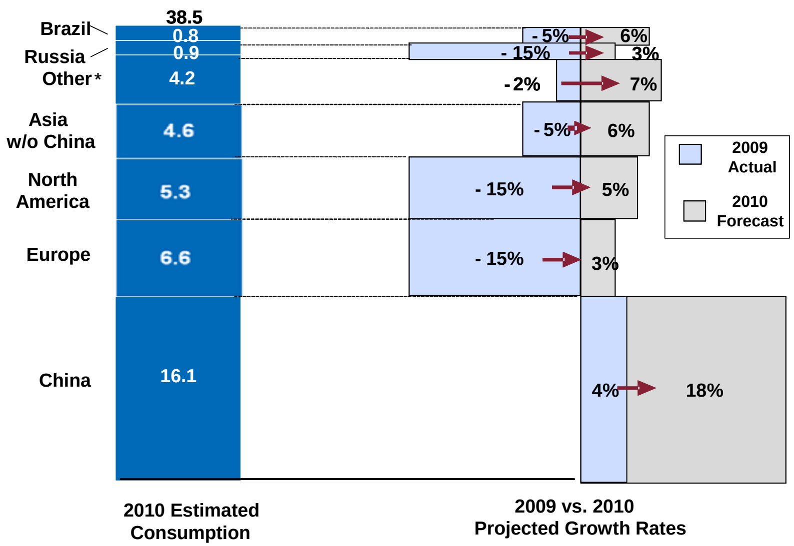
Guidance provides direction and broad quantum and should be seen as a package. Actual results will vary from results calculated using guidance

All figures in US$

Outlook

Aluminium Market Recovery Underway

2010 Projected Primary Aluminum Consumption *(in mmt)*



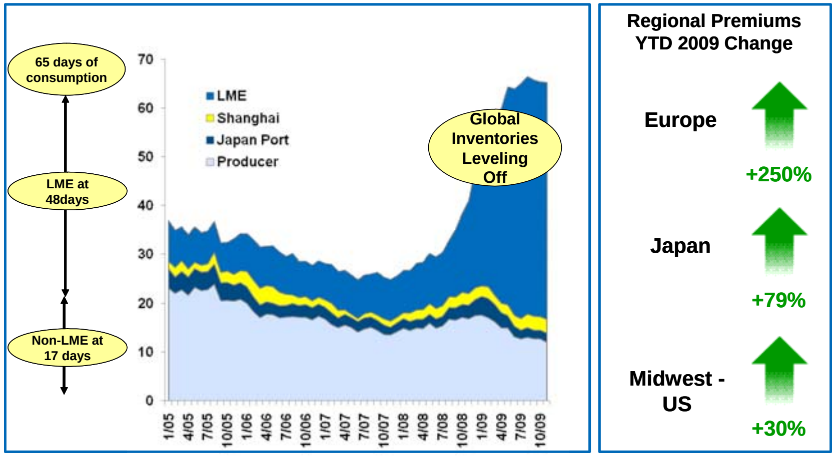
*Other consists of: Middle East, India, Latin America ex Brazil and Rest of World

2009 Global Demand Growth Rate: -6%

2010 Global Demand Growth Rate: 10%
2010 ex China 5%)

Source: Alcoa analysis

Global Inventory



Source: Bloomberg, IAI

Aluminium growth returns but below 2008 levels. Supply/demand is in slight surplus. Forward prices are rising. Key short term risk to pricing is the global inventory, much of which is tied up in financing deals. Physical availability is currently tight.

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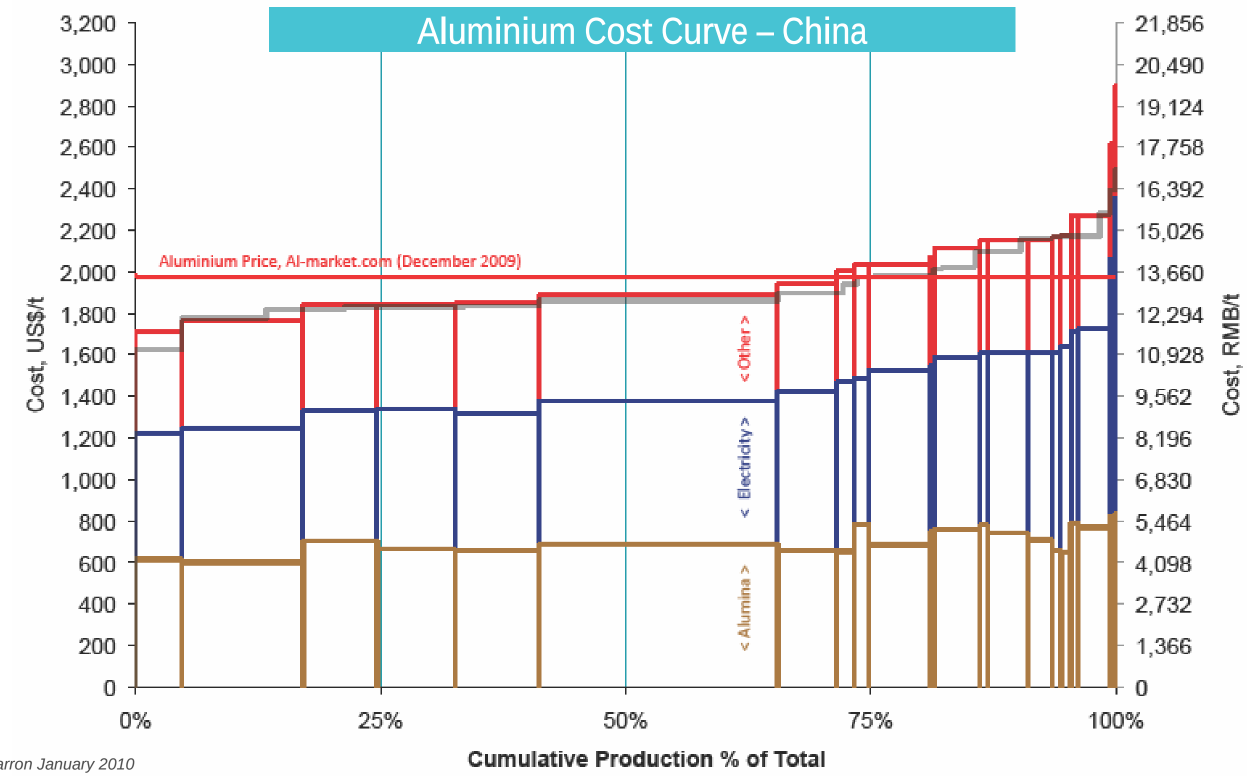
Chinese Marginal Producers are Driving Current Aluminium Pricing – Majority Profitable Above $2000/t

- In China, much of the idle capacity is back on line
- 75% of China's producers are profitable above $2,000/t in December



Source: Clark & Marron January 2010

Chinese demand will underpin global aluminium prices in 2010

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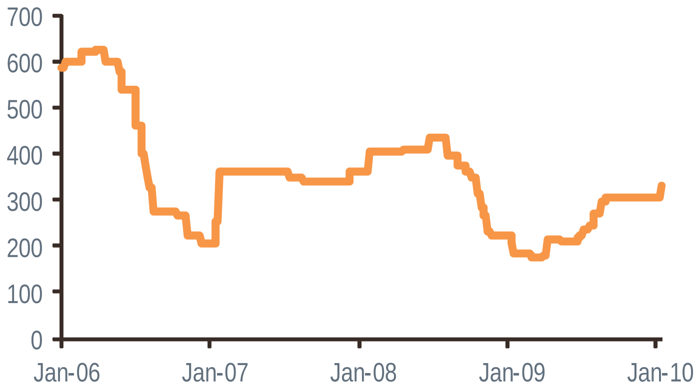
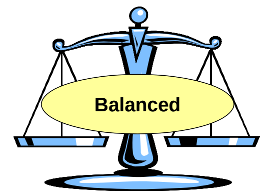
Alumina Pricing Conditions Improving as High Cost Chinese Production Comes Back on Line

Alumina Spot (US$/t)



Source: Bloomberg (21 January 2010), CRU

2010E Alumina Supply / Demand Balance (in kmt)



China	
2010 Annualized Run Rate	25,900
Imports from Western World	5,000
Supply	30,900
Demand	(30,900)
(Deficit) / Surplus	**0**

Western World	
2010 Annualized Run Rate	50,750
Exports to China	(5,000)
Supply	45,750
Demand	(45,000)
(Deficit) / Surplus	**750**

Source: Alcoa estimates, CRU, CNIA, IAI, as of 24 Nov 09

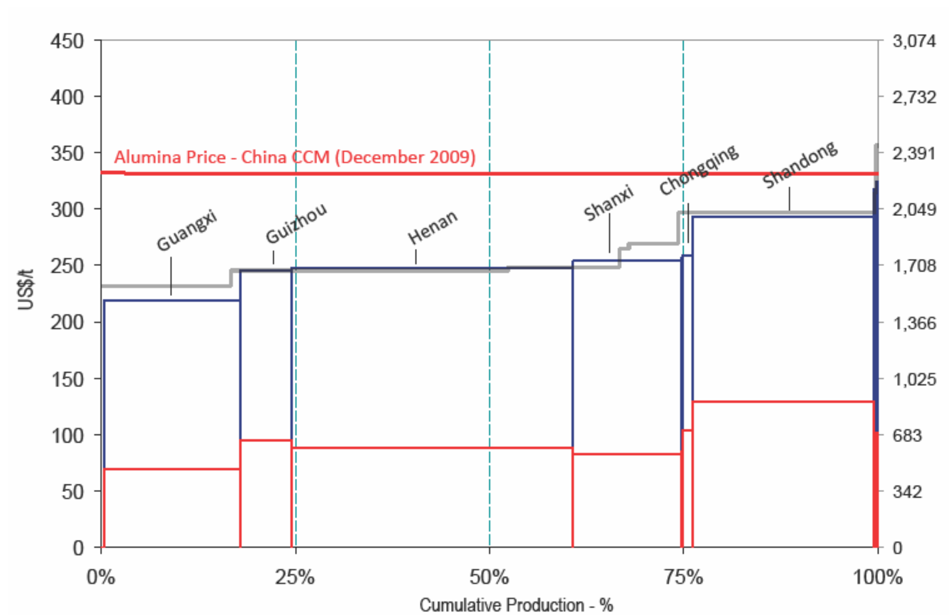
- Spot prices are rising, driven by Chinese marginal producers coming back on line
- Spot pricing historically above long term pricing but prices are converging, as LME linked prices made refining uneconomic for many at current prices
- Supply/demand is in balance globally. Increased demand will result in idle marginal capacity restarting in China

Alumina supply/demand is balanced. Alumina pricing is being adjusted more regularly and increasing faster than aluminium since 2009 low point – China is marginal producer

China is 32% of Global Alumina Market

- Chinese alumina prices are now ~US$340/t
- Most marginal producers are bauxite importers. Bauxite prices rose 9% (CIF China) to $37/t
- One-third of China's bauxite needs are imported
- Chinese alumina contracts are predominantly short term

China's Alumina Cost Curve (4Q 2009)



Source: Clark & Marron January 2010

Refineries that rely on seaborne bauxite remain at the top of the cost curve and are influencing spot and contract pricing

Current Spot Pricing Impacts on Pricing Mechanism

- Current propensity towards spot pricing not ideal for smelters
- Historical LME aluminium price linkage mechanism tends not to reflect the economics of alumina refining
- Long term alumina pricing needs to reflect refining economics – capital and operating costs and supply and demand for alumina
- Industry could benefit from a new pricing mechanism

Improved Outlook for 2010

- Forecast 10% growth in global alumina demand
- January 2010 LME prices 55% higher than January 2009
- Alumina production ramp up commenced in 3Q/4Q 2009
- Forecast 2010 production ~2mt higher than 2009
- Continuing benefits from cost reductions
- Low cash cost Brazilian refinery ramping up
- No major capital expenditure planned for 2010

Summary

Positive outlook for 2010

- Stronger pricing
- Prospect of improved cash flow
- No major investment in 2010
- Strong balance sheet

Questions