Alumina Limited
2010 Half Year Result

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Strong cash turnaround and profit improvement

AWAC

- Cash from operations up
- Profit up US$139m*
- Record alumina production up 16%*
- Brazil has weighed on results
  - Lower production due to one-off events
  - Full depreciation charge incurred

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- Conservative gearing maintained
- Interim dividend declared of US2¢ per share fully franked

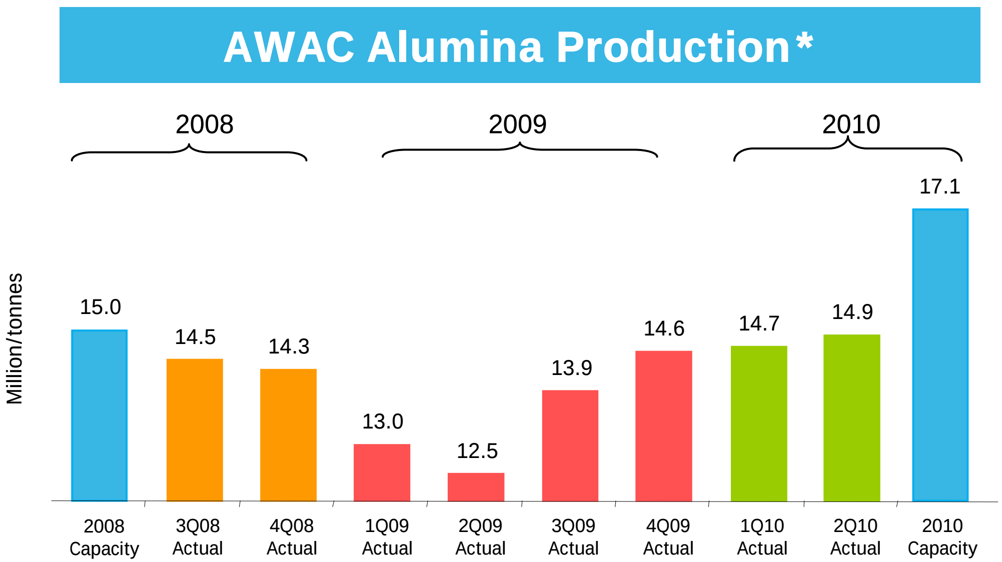
	1H 09	2H 09	1H 10
Underlying Earnings (US$m)	(10.4)	10.7	22.2
NPAT (US$m)	4.2	(27.9)	44.2
Dividends	-	US1.8¢	US2¢

* Comparison to 1H 2009

Operational Performance

AWAC alumina production ramps up as market improves

- Record production – up 16% on 1H 2009
- Strong expected market demand – up 12% over 2009
- Further production increase in second half



** Annualised quarterly production*
Total Production 1H 2010 7.4m tonnes

- Total nominal capacity 17.1m tonnes – world's largest
- All refineries at capacity except:
  - Brazil (50%)
  - Suriname (62%)
  - Point Comfort (70%)
- Utilisation at 87% overall

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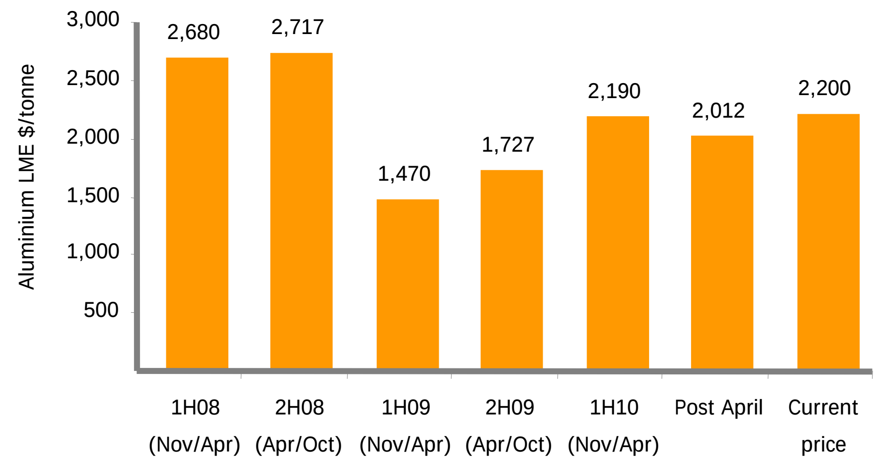
Alumina pricing improves

- AWAC's realised prices up 17% on 2H 2009
- New contracts have a shorter pricing tenor, closer to spot pricing
- 1 million tonnes of lower priced legacy contracts rolling off in 2010
- Alumina prices trending higher, relative to aluminium, since 2007

AWAC's Alumina Prices Lag Aluminium



Realised prices lag by up to 2 months
The 1H 2010 result reflects a sales pricing period from November 2009 to April 2010

Note: Monthly average price is calculated using 3 month LME prices

Source: Thomson Reuters

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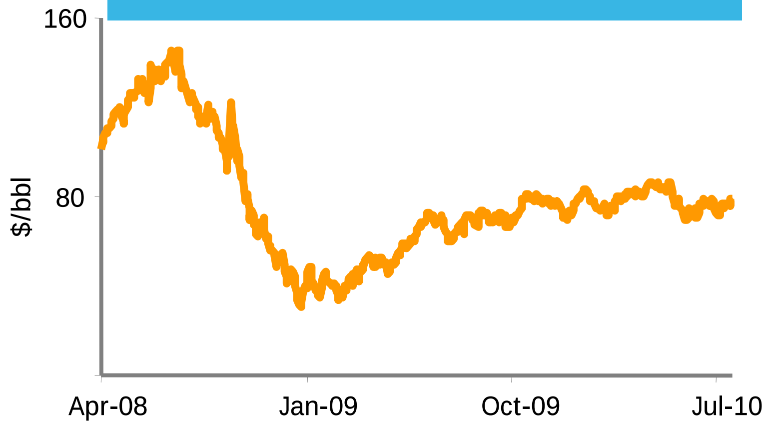
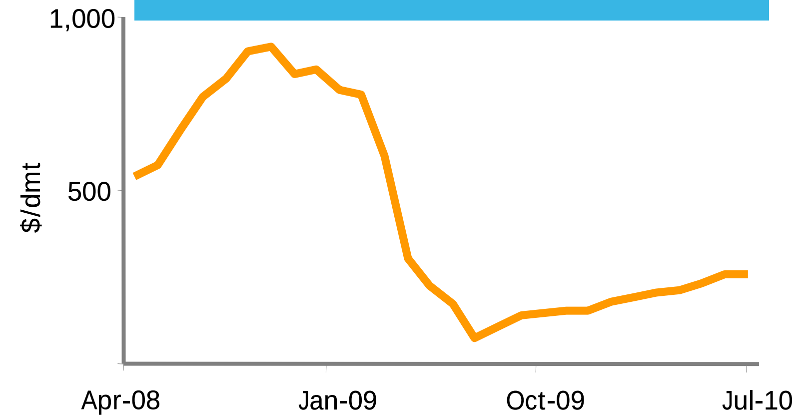
Key inputs to cost structure

Brent Crude Prices



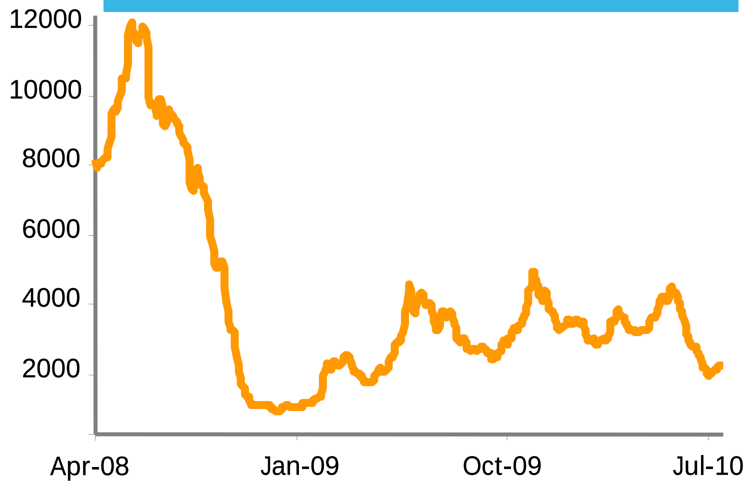
Source: Bloomberg

Caustic Prices



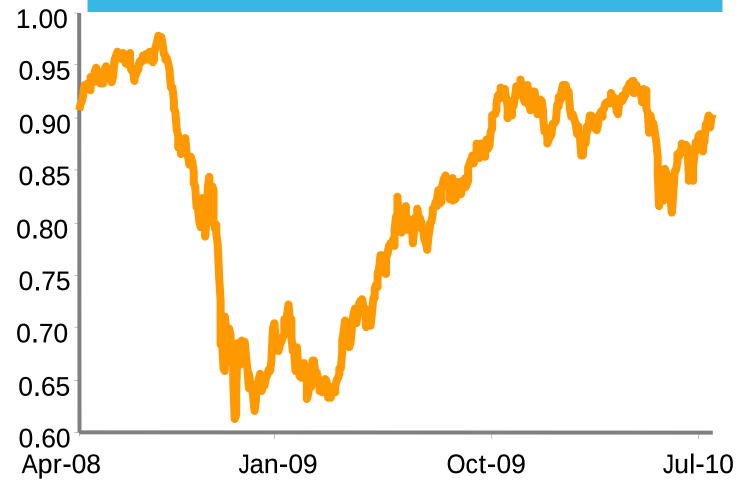
Source: CMAI

Baltic Dry Index



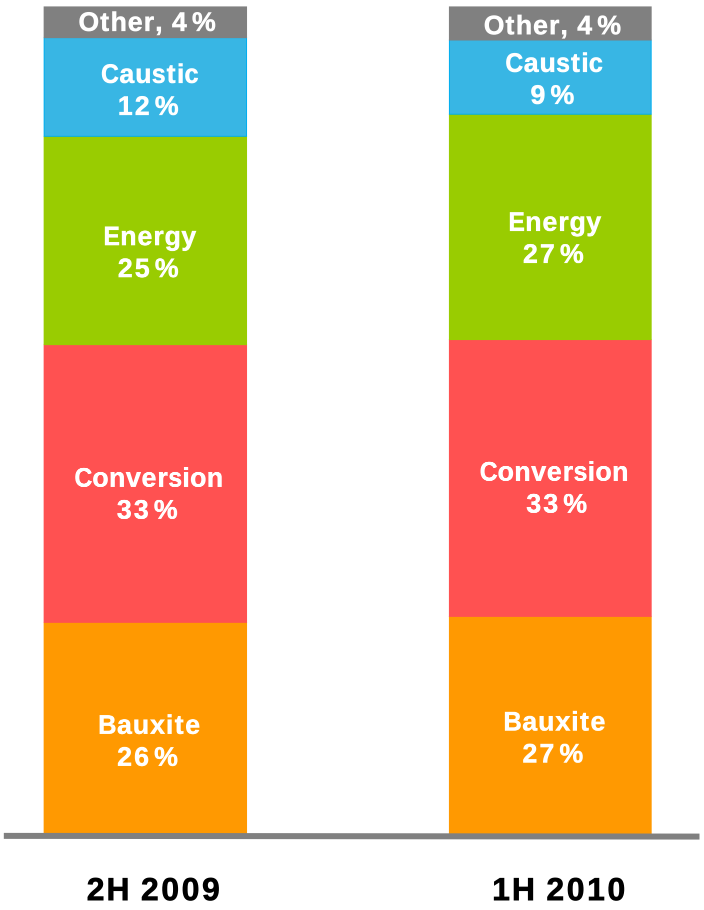
Source: Bloomberg

AUD/USD Exchange Rate



Source: Thomson Reuters

Cash production costs are down



- Cash costs per tonne down $4 on 2H 09, excluding Brazil
- Energy and currency movements increased cost pressure
- Caustic soda and productivity reduced costs
- Brazil is less than 5% of current volume

Brazil ramp up weakens first half result

Alumar Refinery*

- Initial design capacity nearly reached in January 2010
- 2 power failures halted ramp up
- Equipment failures required repairs
- Plant averaged 6,000tpd vs 9,200tpd capacity
- Ramp up recommenced June
  - on track for full capacity at year end
  - full benefit 2011
- One-off costs of $27m

Juruti Bauxite Mine

- Initial design tonnage of 2.6mtpa exceeded
- Cost streamlining and increased production are priorities

* Alumar Capacity (post expansion) will be 3.5mtpa with ownership distribution AWAC – 39%, BHP – 36%, Rio – 10%, Alcoa – 15%

Brazil a major opportunity

- Total capital investment by AWAC is $3.5 billion and is nearly complete
- Refinery will be optimised by start of 2011
- Juruti to reach initial optimisation by 2012
- Impact of Brazil improvement will drive significant increase in results

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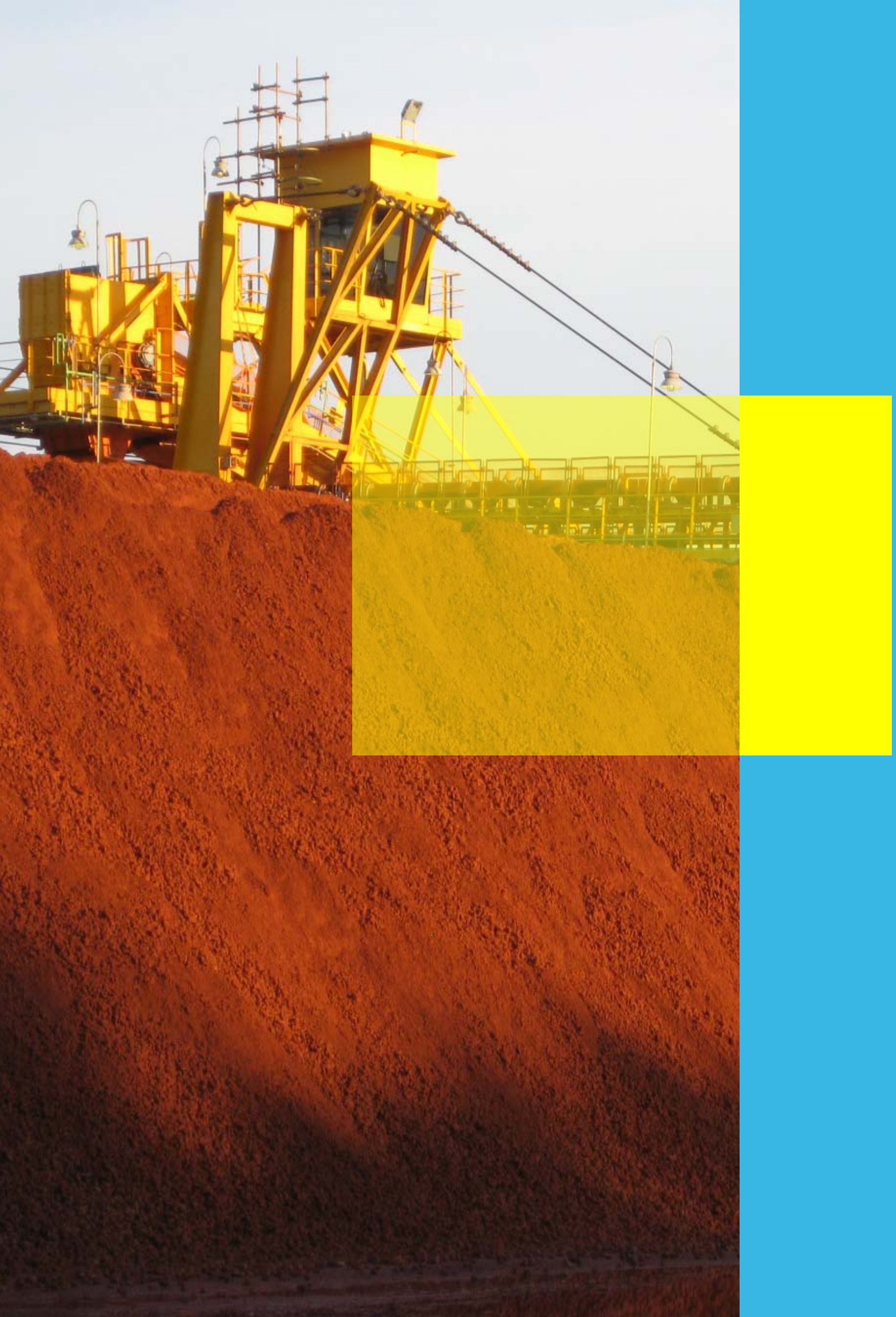
Summary

- Cash flow turnaround – free cash flow achieved
- Tight cost control as market ramps up
- Production ramp up at Alumar slower than expected
  - improvement in the second half
- Alumina prices have improved over 2009



Financial Report

AWAC regains positive momentum after a difficult 2009

AWAC Scorecard		
2H09 v 1H09	**1H10 v 2H09**	
+ +	+	Production
+	+	Realised alumina price
-	=	Alumina cash CAP per tonne
++	+ +	Capex reduction
+	+ +	Cash from operations
Significant one-offs assisted 2009 results		

- Earnings momentum building with increased production and prices
- Costs control demonstrates strong operational performance, although negative impact from Brazil
- Capital expenditure declining rapidly
- Cash from operations up and exceeds capital expenditure
- Improved earnings quality

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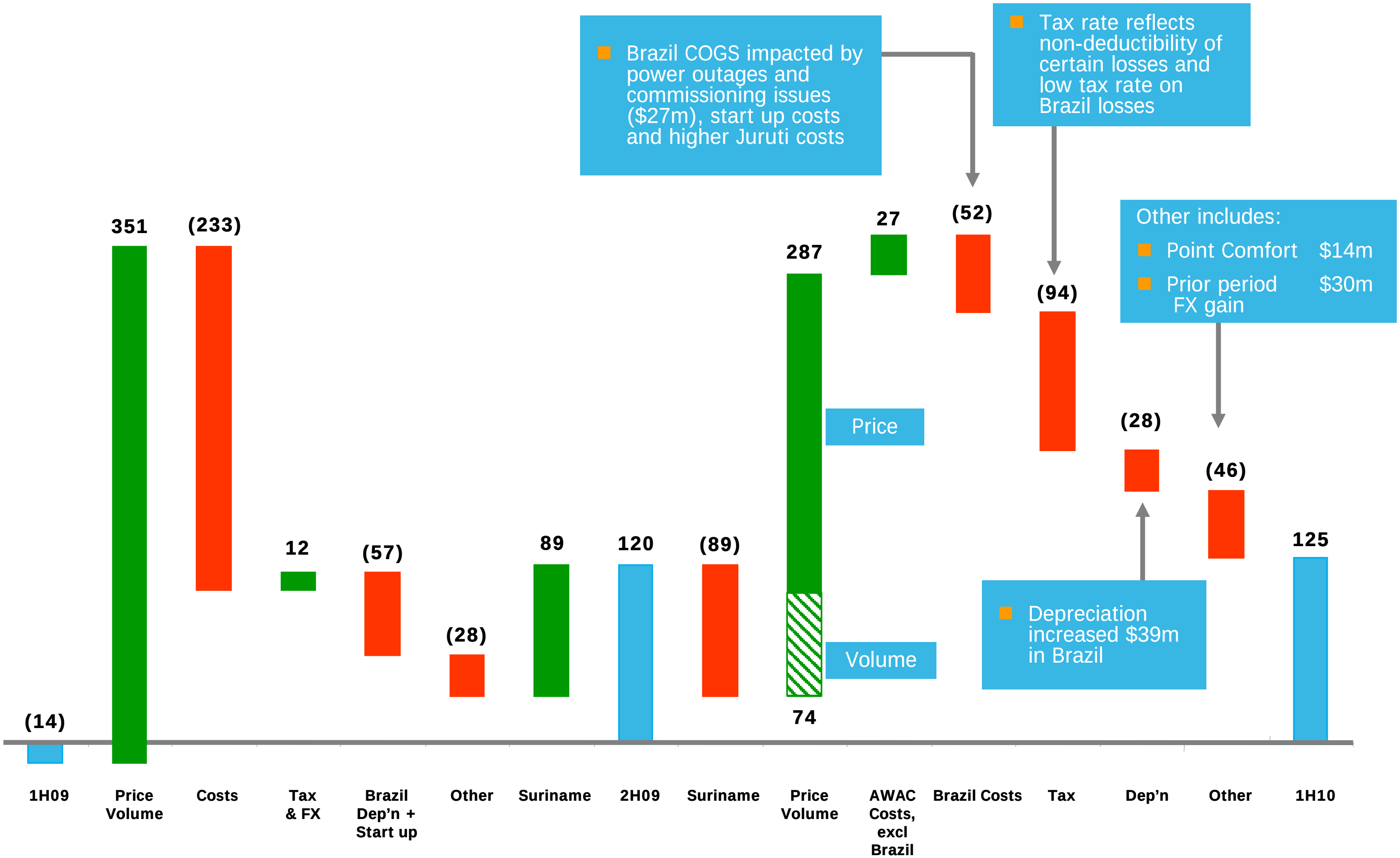
AWAC Profit & Loss



All figures in US$m

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AWAC generates free cash flow

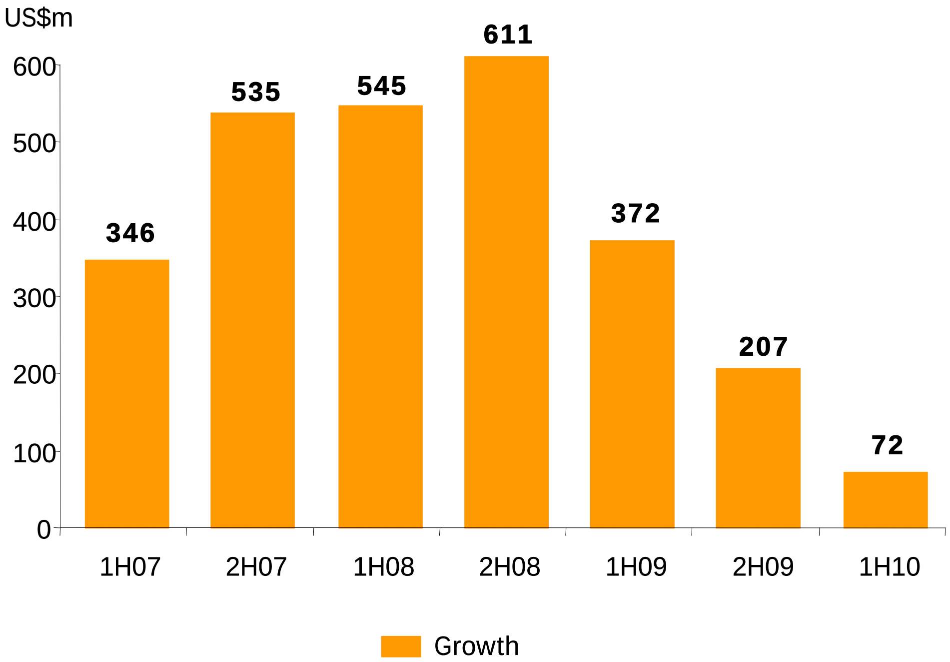
US$m	1H09	2H09	1H10
Cash from operations	(159)	95	300
Capital expenditure	(464)	(299)	(146)
Free cash flow*	(623)	(204)	154

- Cash from operations less capital expenditure turns positive
- Capital expenditure declining as Brazil nears completion
- Growth capex 1H 10: $72m

  Sustaining capex 1H 10: $74m
- Full year AWAC capital expenditure on target at $400m

* Free cash flow defined as cash from operations less capital expenditure

Major growth investment nearing conclusion



- Important period of growth capital expenditure in Brazil reaching a conclusion
- Small investment in Ma’aden joint venture expected in second half

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Alumina Limited Profit & Loss

- Significant IFRS adjustments removed from underlying earnings
  - movement in value of embedded derivative (aluminium price component in energy price)
  - retirement benefit obligation actuarial adjustments
- Corporate structure set up in Brazil, costs for change of functional currency, impact of translation of prior period A$ expenses have impacted corporate costs

	1H09 US$m	2H09 US$m	1H10 US$m
Equity Share of AWAC Underlying PAT	(4.1)	**29.7**	**49.4**
Corporate Costs	(4.1)	**(6.4)**	**(7.5)**
Finance Costs	(12.8)	**(18.2)**	**(19.8)**
Other & Tax	10.6	**5.6**	**0.1**
Underlying Earnings	(10.4)*	**10.7***	**22.2**
Retirement benefit obligation, AWAC	5.8	**12.2**	**(21.0)**
Embedded Derivative, AWAC	8.8	**(50.8)**	**43.0**
Net Profit After Tax	4.2	**(27.9)**	**44.2**

* 1H09 translated at historic average rate for 1H09
* 2H09 translated at historic average rate for 2H09

Alumina Limited returns to free cash flow*

- Regular distribution of dividends by AWAC to joint venture partners
- Cash from operations funds dividend
- Final stages of investment in capital growth in Brazil $48 million plus contribution to working capital in Brazil

US$m	1H09	2H09	1H10
Dividends received	80	56	95
Costs	(20)	(19)	(20)
Other	3	7	4
Cash from Operations	63	44	79
Payments for Investments in Associates	(253)	(187)	(64)
Free Cash Flow	(190)	(143)	15

* Free cash flow defined as cash from operations less payments for investments in associates

Alumina's balance sheet remains conservatively geared

- Net gearing 9.5%
- Undrawn committed facilities of $300m maturing mid 2012
- Convertible bond outstanding reduced to $296m
  - $54m bought back during half
  - one-off put to Company in May 2011; or
  - conversion / redemption in 2013
  - 2% coupon
- Longer maturity financing impacts finance costs
  - 6.5 year loan from Brazil National Development Bank at ~5.30%, $7.4 million interest expense this half, no repayment in 2010
  - Buy back of convertible bond increases non-cash amortisation of discount to profit and loss to $4.8 million
  - Increased commitment and up front facility fees amortisation of $4.4 million following 2009 rollovers

Second half 2010 sensitivities and guidance

	1H09	2H09	1H10	2H10
Average 3 month LME price ($ per tonne)	1,464	1,936	2,161	-
Average AUD/USD (cents)	71	87	89	-
Production – alumina (mt)	6.4	7.1	7.4	7.9 to 8.2
Production – aluminium (kt)	188	180	175	180

- Full year AWAC growth capex US$200m
- Full year AWAC sustaining capex US$200m

All figures in US$

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Second half 2010 sensitivities and guidance (cont'd)

LME for aluminium price per tonne 6 month sensitivity	
Approximate impact on AWAC	LME movement of +/- $100/t: +/- $80m before tax
AUD/USD Exchange Rate 6 month sensitivity	
Approximate impact on AWAC	AUD/USD movement of +/- 10%: -/+ $86m before tax
Cash Cost Per Tonne of Alumina Production	
Cash cost per tonne expected to remain flat on first half, subject to movements in exchange rate, other inputs and Brazil ramp up	
Guidance provides direction and broad quantum and should be seen as a package. Actual results will vary from results calculated using guidance	

Financial Overview

- AWAC revenue up 12% on increased volume and improved prices
- AWAC costs benefitting from strong focus on cash in 2009
- AWAC generates free cash flow
- Alumina underlying profit US$22.2m, up from US$10.7m in 2H 09
- Alumina Limited gearing 9.5%

Interim dividend declared

- US 2¢ per share interim dividend

Dividend Policy

- Generally, the Board intends, on an annual basis, to distribute cash from operations after debt servicing and corporate cost commitments have been met. Dividends will be fully franked for the foreseeable future

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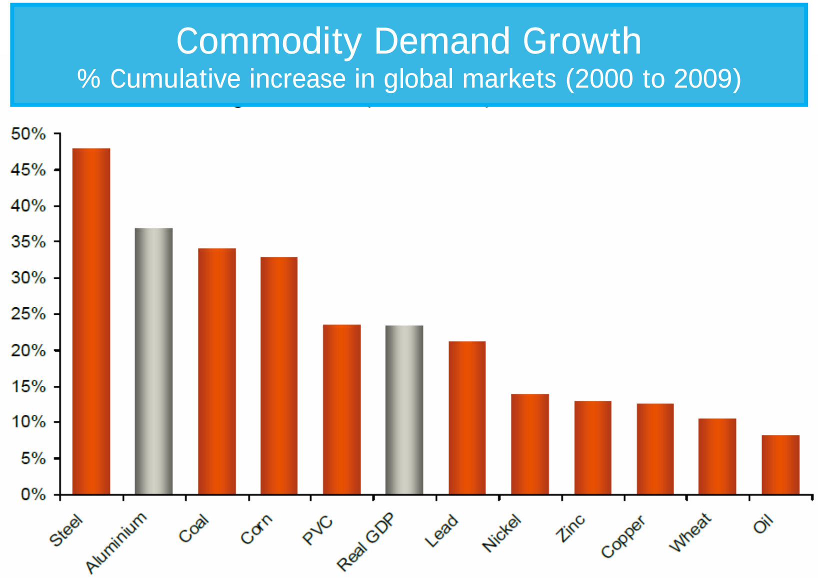
The Market

Aluminium demand is strong

- Demand in 2010 up 12% on 2009 level
  - Only construction segment is soft
- Western world supply is relatively balanced
- Chinese supply adjusts quickly to supply/demand imbalances
- Aluminium demand growth second only to steel between 2000 - 2009



Source: BHP Billiton, EIU, USDA, CMAI, MEPS, Brook Hunt, IEA, EIA. Estimates are used for coal and PVC consumption in 2009

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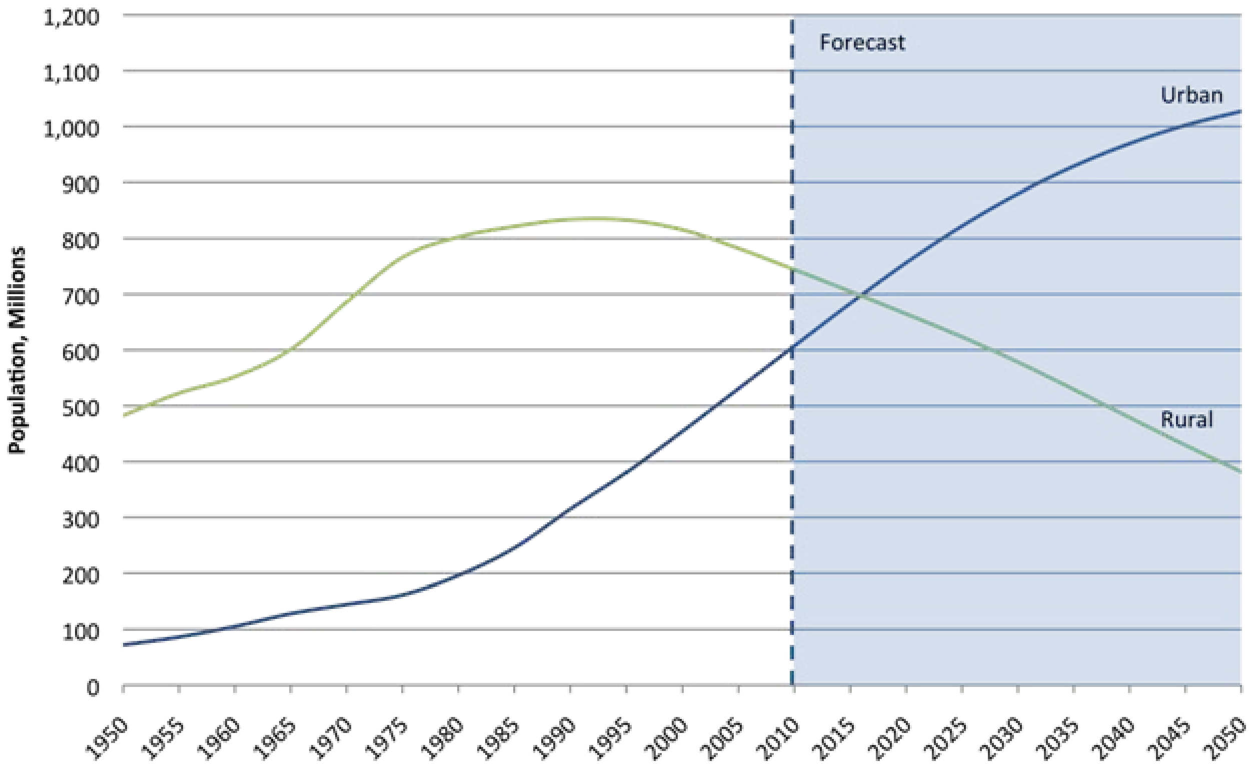
China's urbanisation will drive aluminium growth for decades



- Unprecedented migration of China's rural population to urban areas
- Urbanisation forecast to continue in China and other developing nations

Source: Clark & Marron

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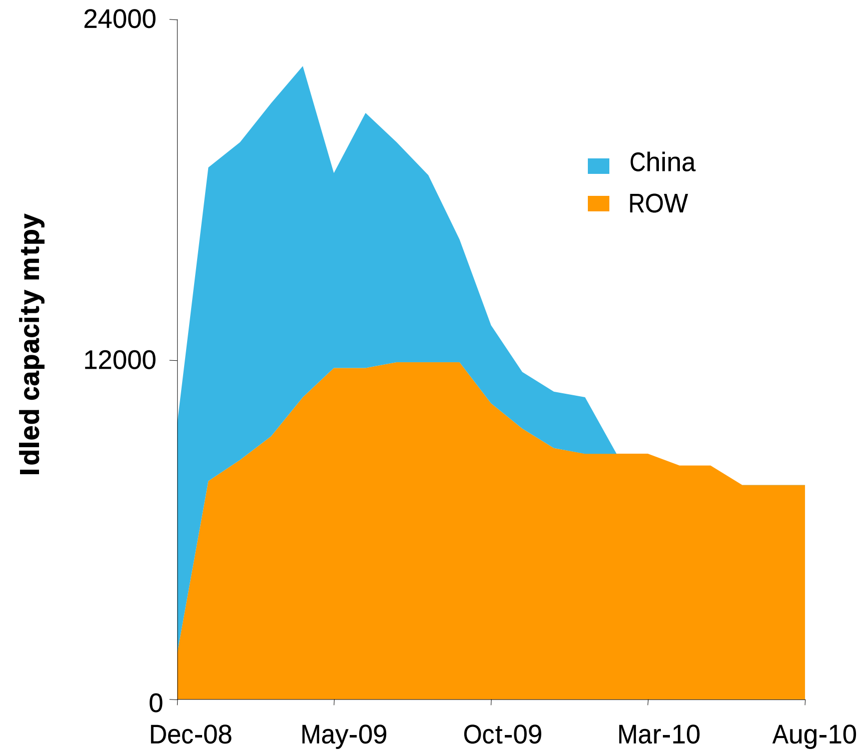
Competitively-costed global supply of alumina is limited in the short term

- Most idled capacity is now back on stream
- Capacity that is still curtailed is high cost
- Any additional market supply is likely to be at higher costs than today's marginal producers

Global idled alumina capacity declines to 7.6m tpy



Source: CRU

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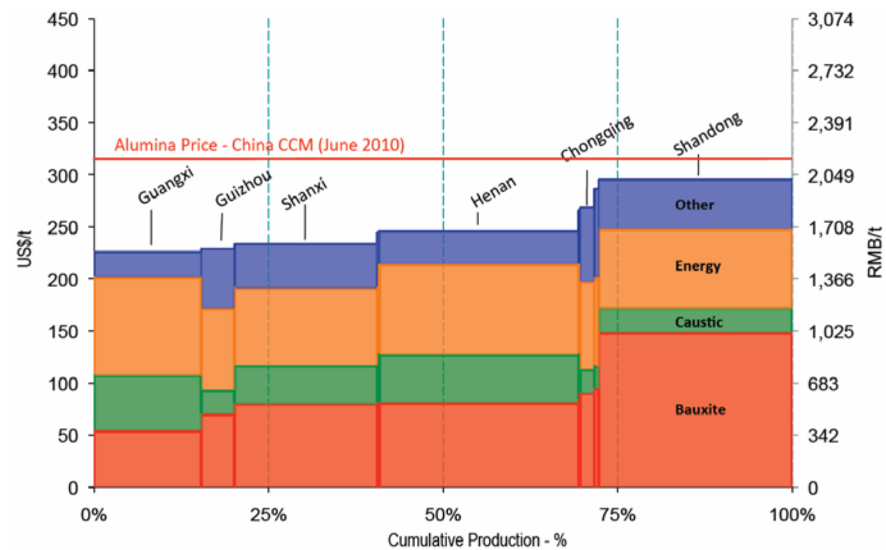
Marginal Chinese alumina producers are high cost

- Shandong refineries (~25% of China's production) have cash costs around US$300/t
- Bauxite and energy are the major contributors to cash costs
  - 30% of bauxite is imported
  - Bauxite import prices rose 8% from Feb to May 2010
  - Energy prices rising, determined by global coal pricing
  - Global prices paid for caustic in Shandong
  - Labour costs rising by 10-12% per annum

China's Alumina Cash Cost Curve (2Q 2010)



Source: Clark & Marron July 2010

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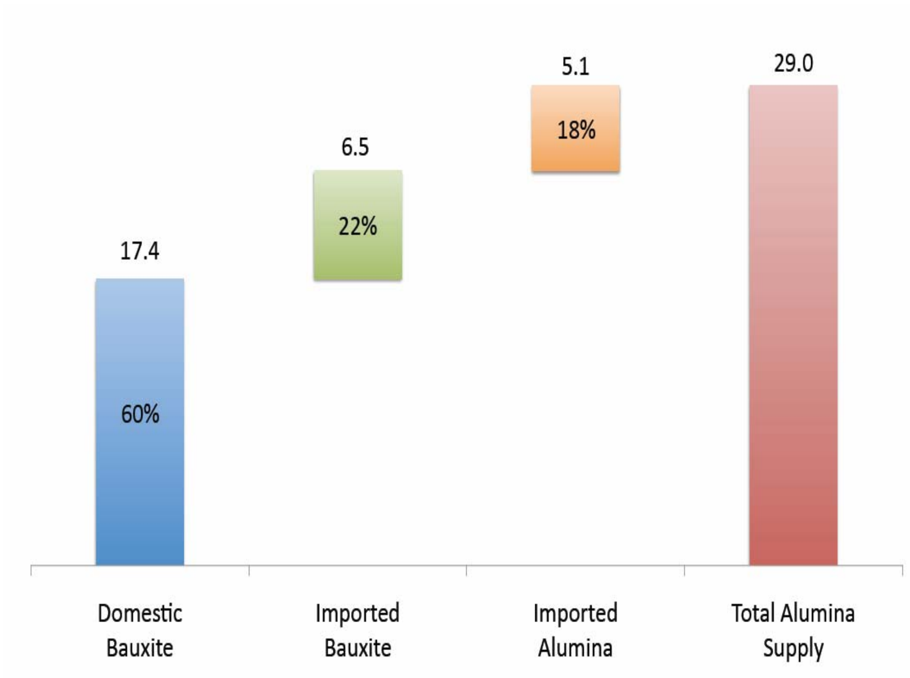
Chinese alumina: import-dependent

- Approx 40% alumina supply depends on imports
- Domestic bauxite supply a long term problem
  - Quality
  - Transport
- China produces 18% of the world's bauxite but has only 3% of global bauxite reserves
  - Imported bauxite prices determine domestic prices



Source: Clark & Marron July 2010

Alumina costs expected to rise in China, leading to higher spot prices

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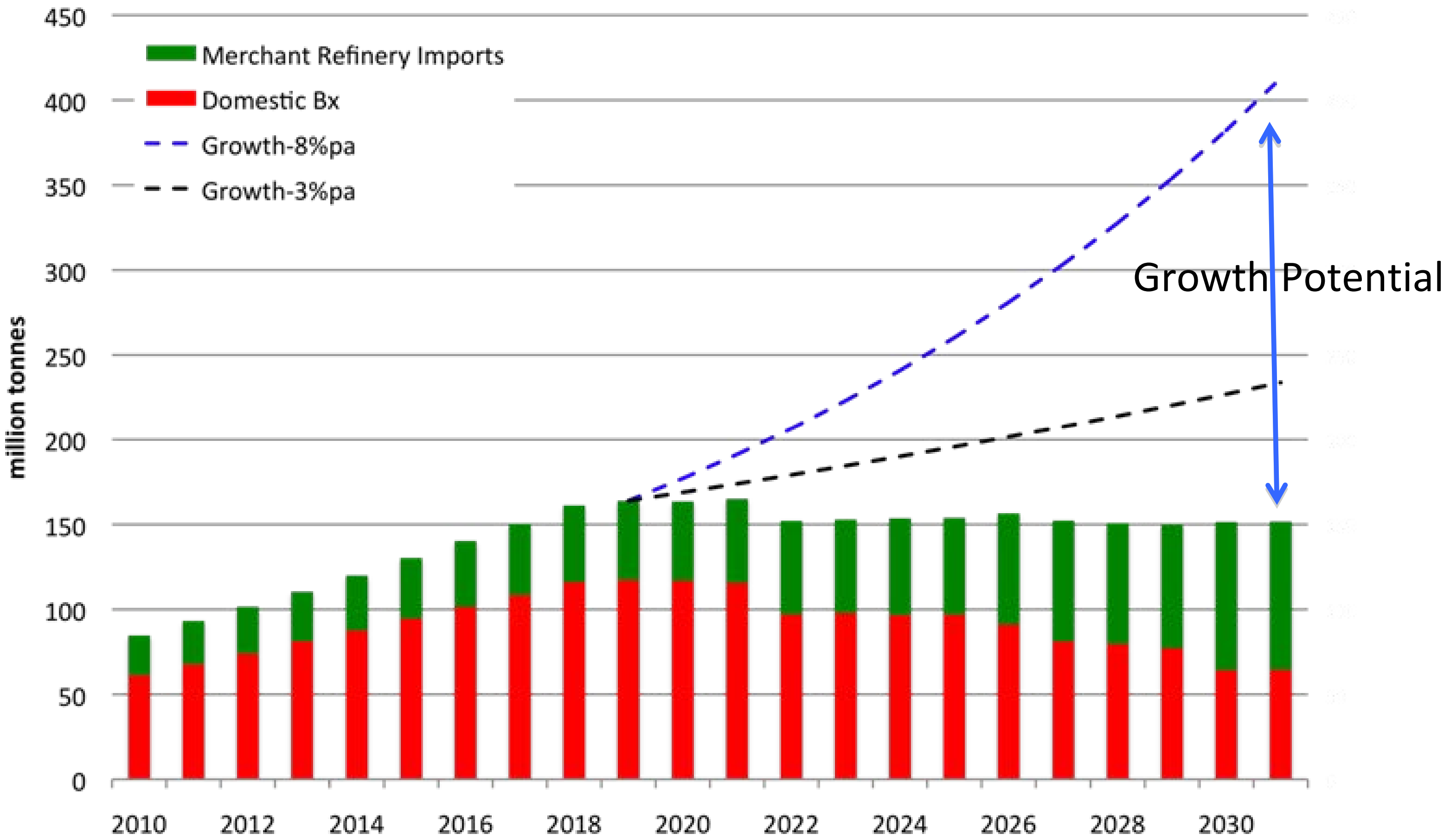
Import dependence will increase

Chinese Bauxite Consumption Outlook – million tonnes per year



Source: Clark & Marron

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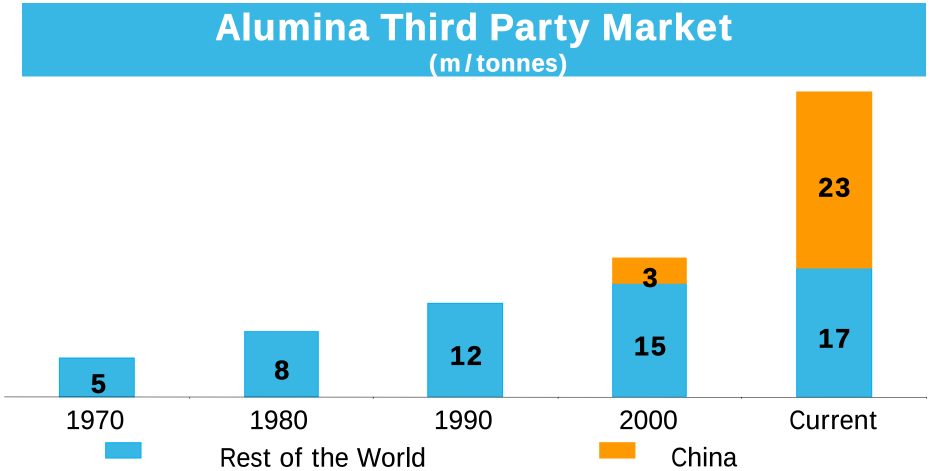
Third party alumina market is growing



Source: James F King

- Market is less integrated than in 2000
- Fewer smelters are self sufficient in bauxite and alumina
- Chinese growth is a major factor
- Third party market is now over 40% and growing
- Creates pressure for pricing to de-link from aluminium

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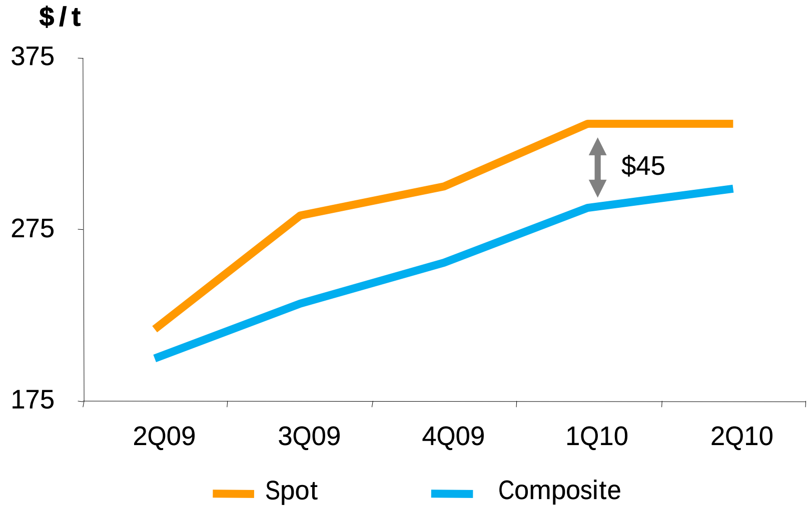
Alumina pricing structure changing

- Economic realities dictate de-linking from LME
- 20% (approx) of contracts mature annually
- New alumina spot pricing indices to be launched (Platts, 16 August)
- AWAC supports Index development

CRU Spot vs Composite Price



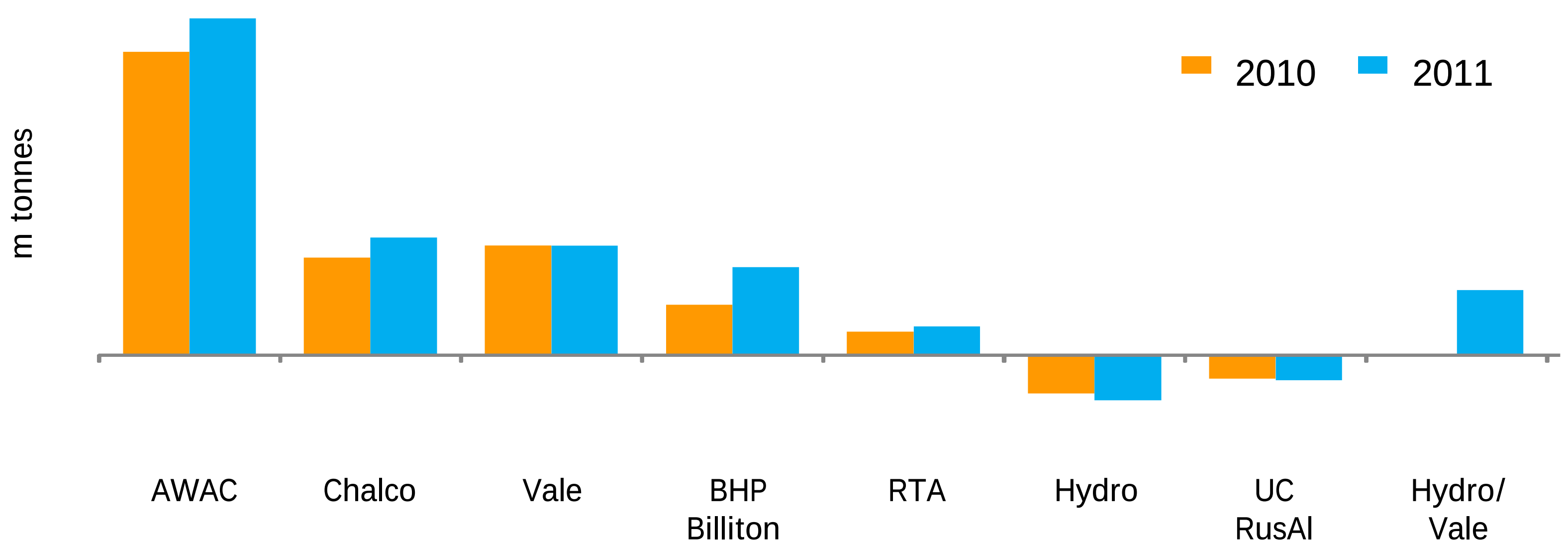
* CRU composite price is a weighted average price for a number of key importing and exporting countries

Source: CRU July 2010

AWAC is well positioned to benefit

- AWAC is the largest supplier to the third party market
- Over 60% of production of AWAC is currently sold to third parties
- All of AWAC's sales based on third party pricing

CRU Forecast Net Alumina for Selected Major Producers



Source: CRU

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Summary

- Increased dividend and dividend policy confirmed
- Result reflects improving market and tight cost control
- Strong cash flow generation
- Delay in Brazil has dampened result
- Pricing continues to evolve, making alumina market more attractive
  - AWAC is well positioned

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Questions

Platts' new alumina price publications

Platts will launch on 16 August:

- a daily spot price assessment of alumina FOB Australia
- a daily CFR North China alumina assessment
- a daily spot price assessment for alumina traded ex-works domestic China, basis Henan province

Platts will publish:

- international alumina prices in US$/metric ton for loading FOB Australia 30-60 days from publication and for delivery CFR China 40-70 days forward (with monthly averages available)
- a daily spot freight rate for typical cargoes shipped on Handymax class vessels between Australia and China

Source: Platts' Subscriber Notes, August 2010