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John Bevan
Chief Executive Officer

Judith Downes
Chief Financial Officer

ALUMINA
LIMITED

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Executive Summary

- Alumina Limited ("Alumina") is listed on the Australian Stock Exchange and the New York Stock Exchange
- Alumina's primary asset is its 40% joint venture interest in Alcoa World Alumina & Chemicals ("AWAC") – Alcoa Inc ("Alcoa") holds the remaining 60%
- Alumina is in a good position to benefit from changing market pricing dynamics
- AWAC has 17.2 million tonnes of capacity
 - production of 15.3 – 15.6 million tonnes in 2010
- AWAC is the largest seller to third party alumina market
 - pricing change a strong upside
- Growth capital expenditure nearing completion
- Free cash flow from operations in first half of 2010

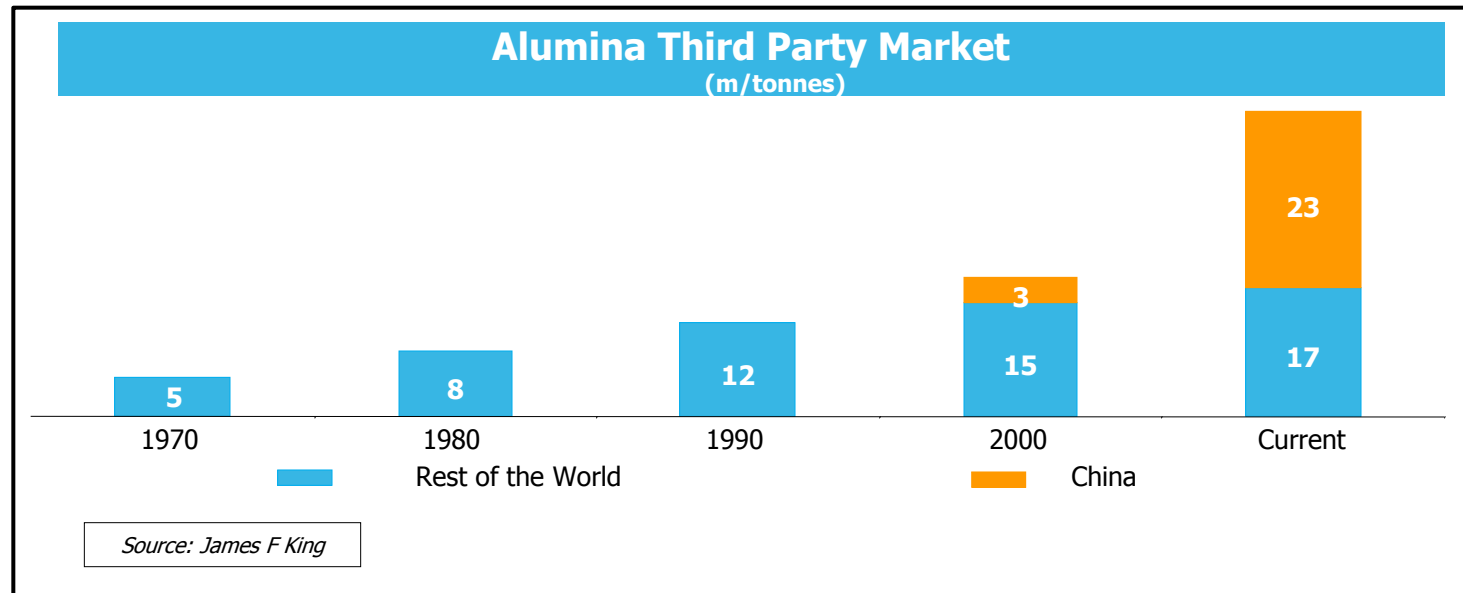
AWAC – largest bauxite & alumina business

- Eight refineries – 17.2 million tonnes of capacity
- Seven bauxite mines – world's largest bauxite miner
- Two smelters – market competitive power contracts renewed to 2036
- New project in Saudi Arabia – additional 0.45mtpa capacity planned for 2014



The aluminium industry is changing

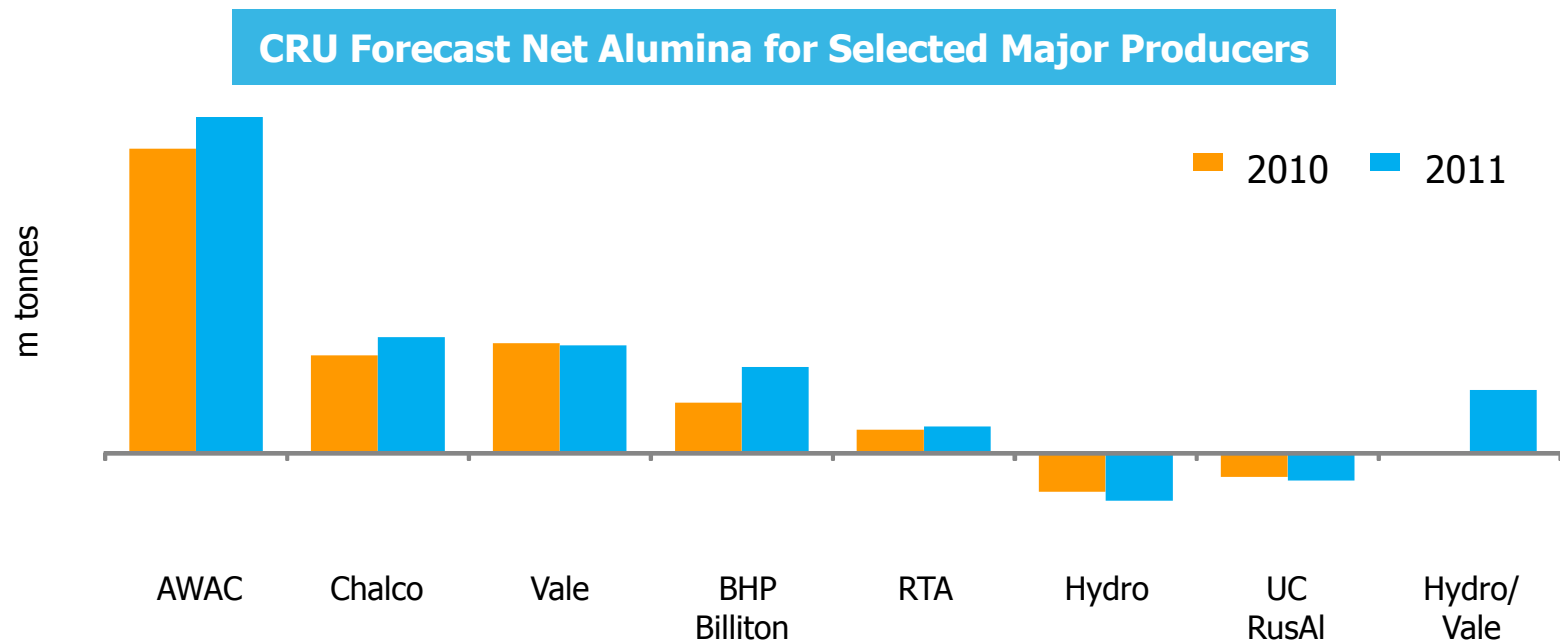
Increase in independent smelters has led to substantial third party alumina market



- Total alumina market close to 80 million tonnes in 2010
- Integrated players, with bauxite – alumina – aluminium operations competing with non-integrated smelters
- Newer smelters are less self sufficient in bauxite and alumina
- Third party alumina market is now over 40% and growing
- Creates pressure for pricing to de-link from aluminium

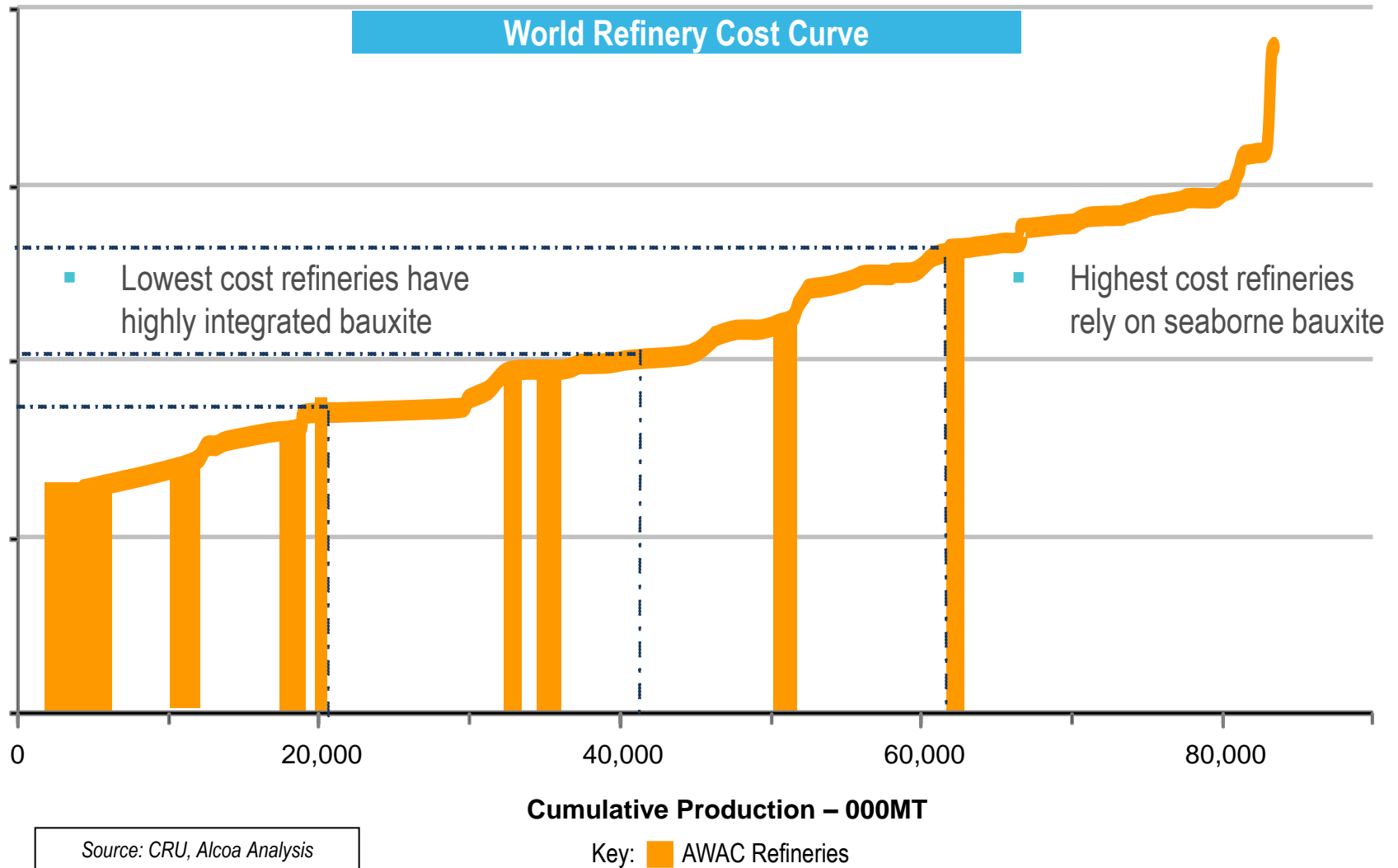
AWAC is the largest supplier to the third party alumina market

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



Source: CRU

AWAC is a low cost alumina producer



Significant long term asset in Brazil

- New expanded Tier 1 refinery and long life mine
- Total capital investment by AWAC is \$3.5 billion
- Refinery expected to be optimised by start of 2011
- Juruti expected to reach initial optimisation by 2012
- Impact of Brazil improvement expected to drive significant increase in results



AWAC has the largest proportion of Tier 1 alumina assets in the industry

Tier 1 assets have:

- Long life bauxite
- Low cost
- Long term energy supply
- Stable workforce
- Close to deep water port



Pinjarra - 4.2m mtpy

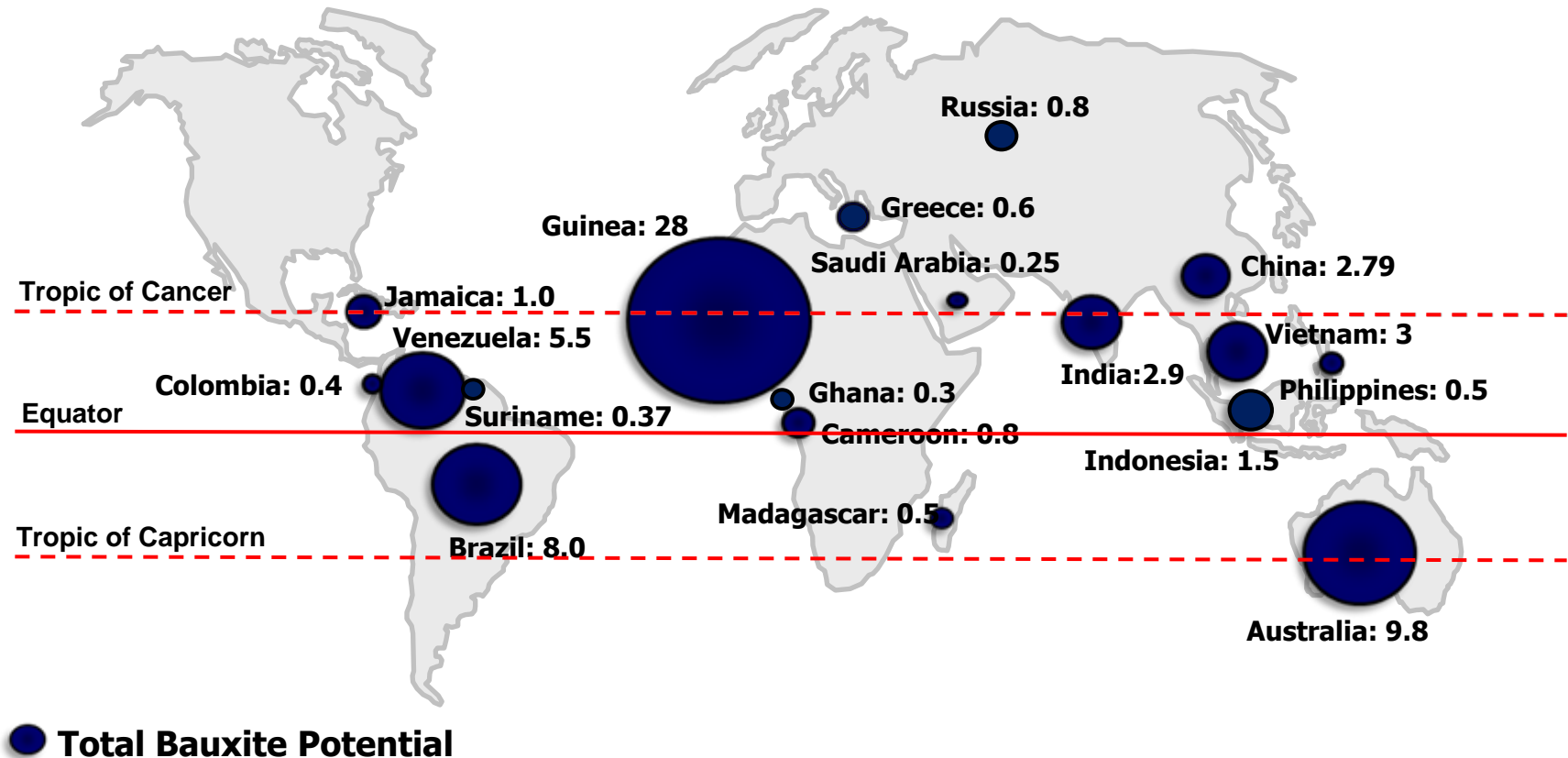
Long life, accessible bauxite is key

- Best refinery projects co-located with bauxite reserves
- Bauxite quality is diminishing, is not accessible and is becoming harder to gain approvals for expansions or new mines
- Some traded bauxite no longer available
- Chinese refineries looking for bauxite projects outside China to accommodate future growth



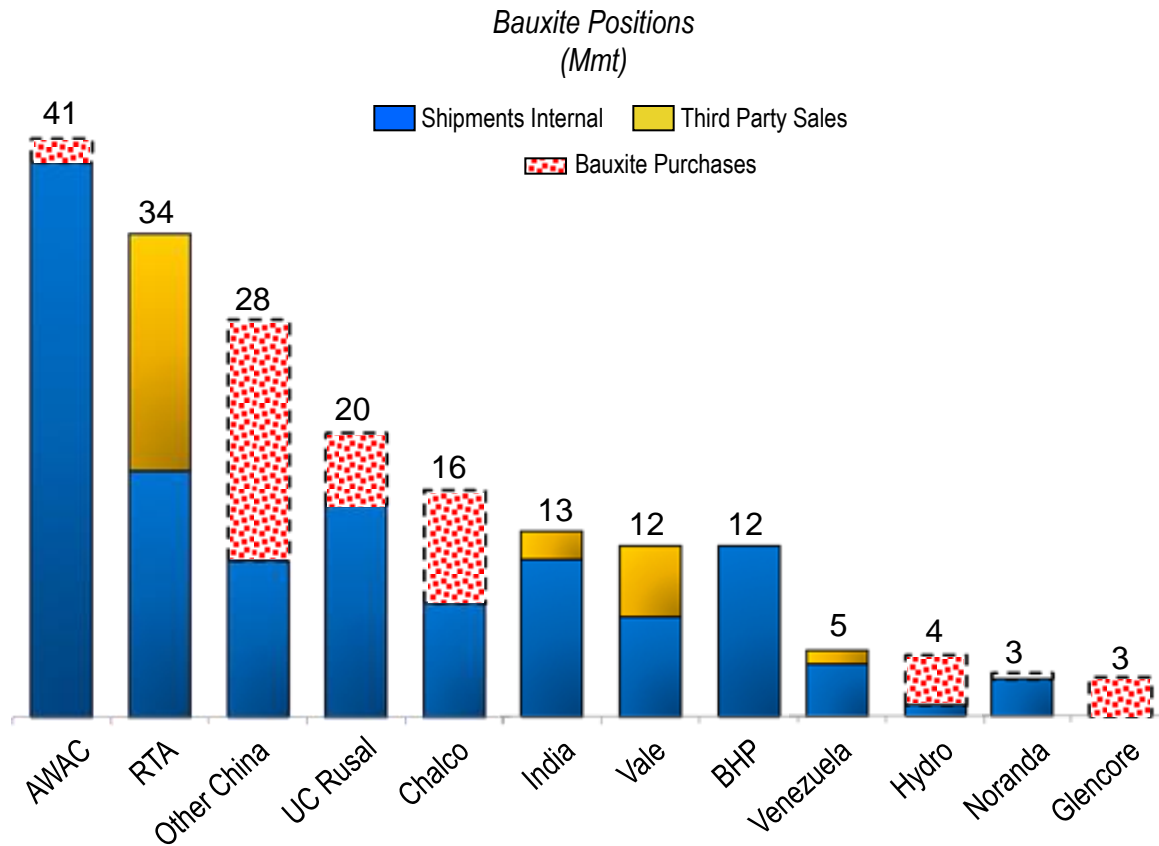
Best refinery projects co-located with bauxite reserves

Global Bauxite Availability (Bmt)



Source: Alcoa estimates, CRU

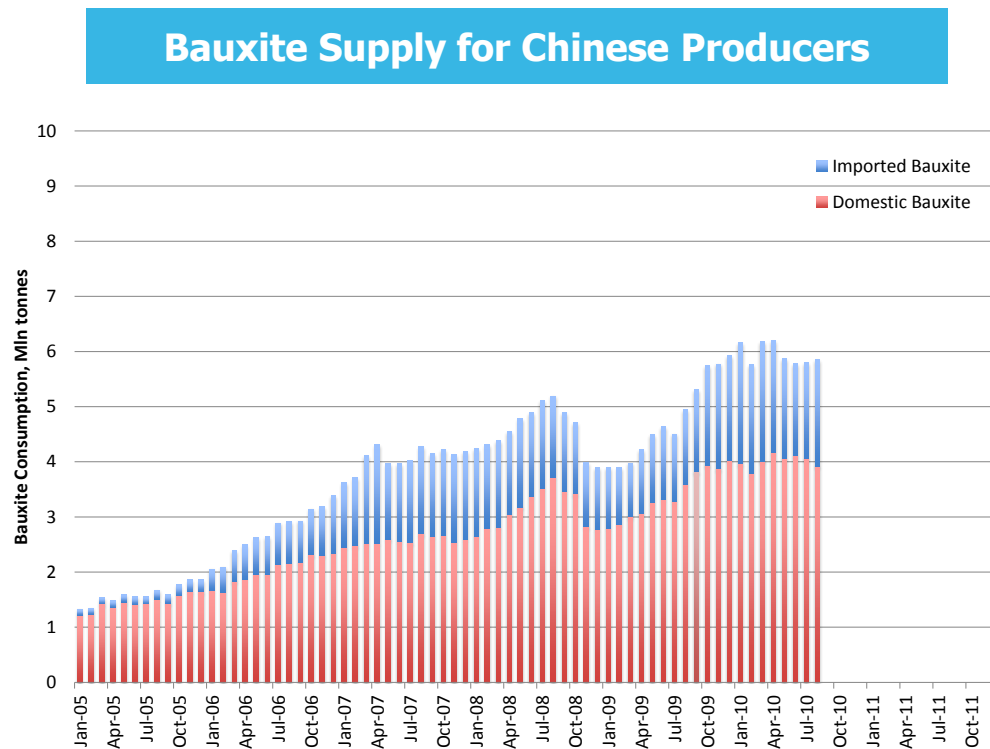
Not all industry participants are long on bauxite



Source: Alcoa estimates, CRU

- Considerable existing need for third-party purchases and sales
- Non-integrated refiners exposed to third-party sea borne purchases of bauxite will set the marginal price for alumina
- AWAC well positioned with long life mines
- New AWAC mine at Juruti adds to long term capacity

Chinese refineries continue to depend on imports



Source: Clark & Marron

- Mining in China is increasing, but only supplies 70% of needs
- Chinese mines tend to have short lives and some have inconsistent quality
- Alumina industry in China competes with refractory bricks for bauxite

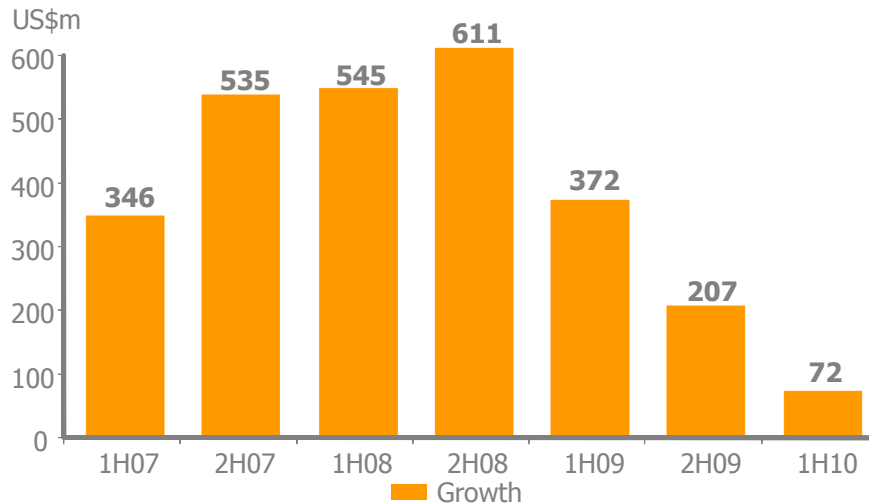


Financial Highlights

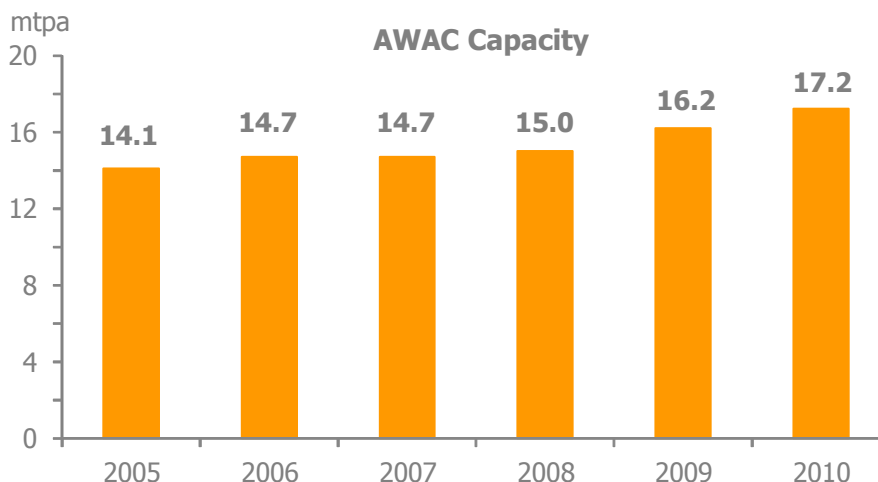
Financial Overview – Half Year to 30 June 2010

- AWAC revenue up 12% on increased volume and improved prices
- AWAC costs benefited from strong focus on cash in 2009
- AWAC generated free cash flow
- Alumina underlying profit US\$22.2m, up from US\$10.7 million in the second half of 2009
- Alumina Limited gearing 9.5%

AWAC 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 of 2010



- Major capex program has lifted capacity from 15.0mt to 17.2mt in 2010
- 2010 production estimate 15.3-15.6mt
- Existing capacity could grow production by 10-12%

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

- Free cash flow has previously been consumed in the Brazil project
- Free cash flow expected to grow with no major growth capex requirements
- Growth capex 1H 10: \$72m
Sustaining capex 1H 10: \$74m

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

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

Interim dividend declared

- US 2¢ per share interim dividend declared in August

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

Alumina's balance sheet remains conservatively geared

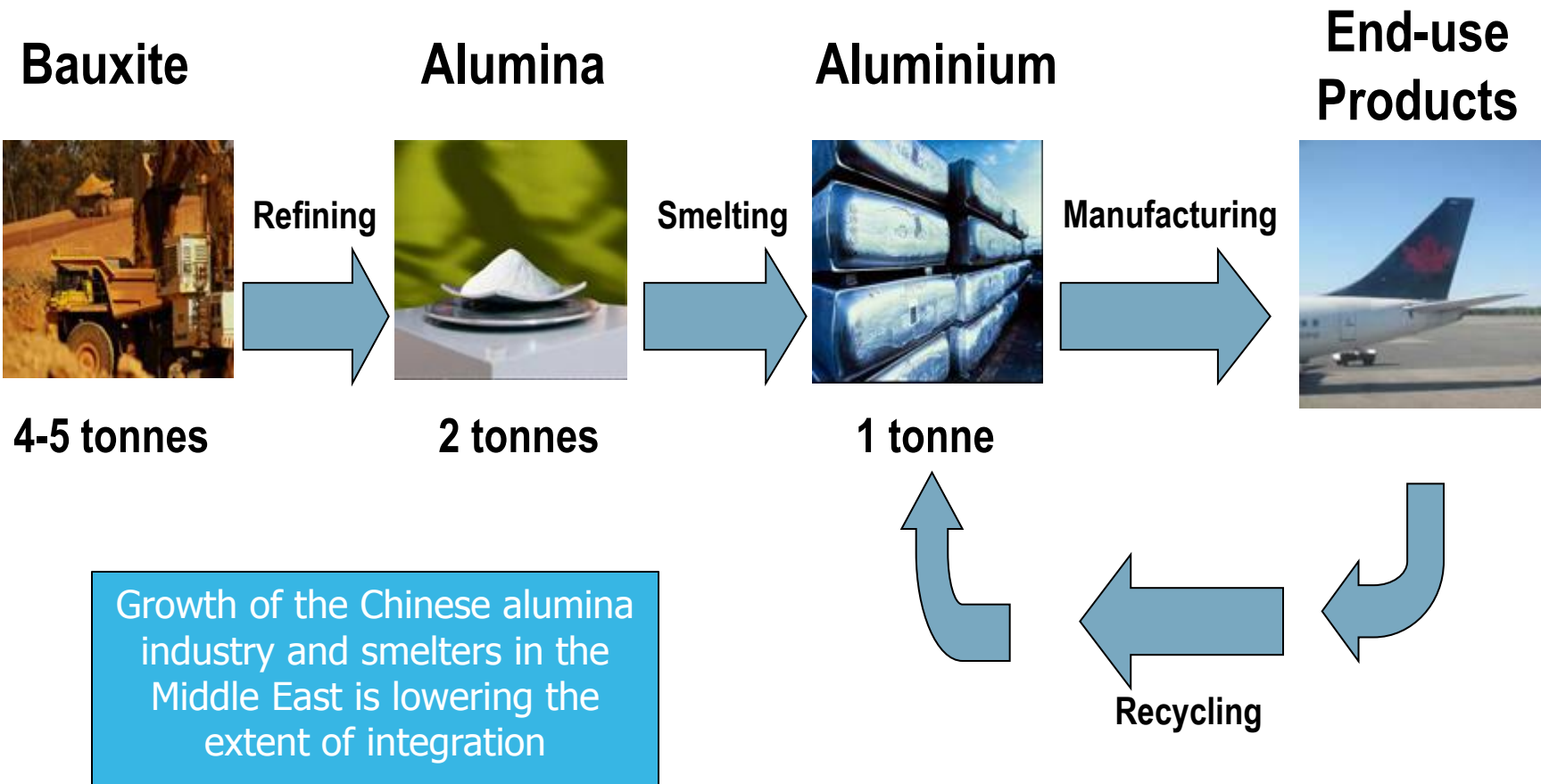
- Net gearing 9.5%
- Undrawn committed facilities of \$300m maturing mid 2012
- Convertible bond outstanding reduced to \$296m
- Longer maturity financing arranged



Industry Overview

The aluminium cycle

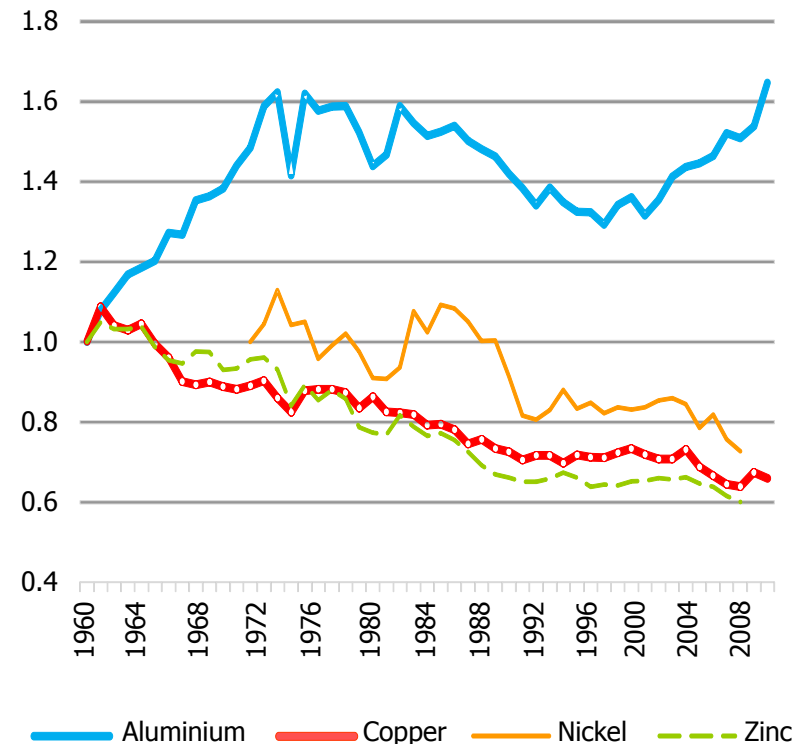
Historically, many companies had integrated mining, refining and smelting operations



Aluminium demand is strong

- Attractive properties; lightweight and recyclable
- Demand in 2010 up 13% on 2009 level
 - Only building construction segment is weak
- Future growth driven by urbanisation in developing countries, lightweighting of transportation

World Metal Consumption per unit IP



Source: Credit Suisse estimates

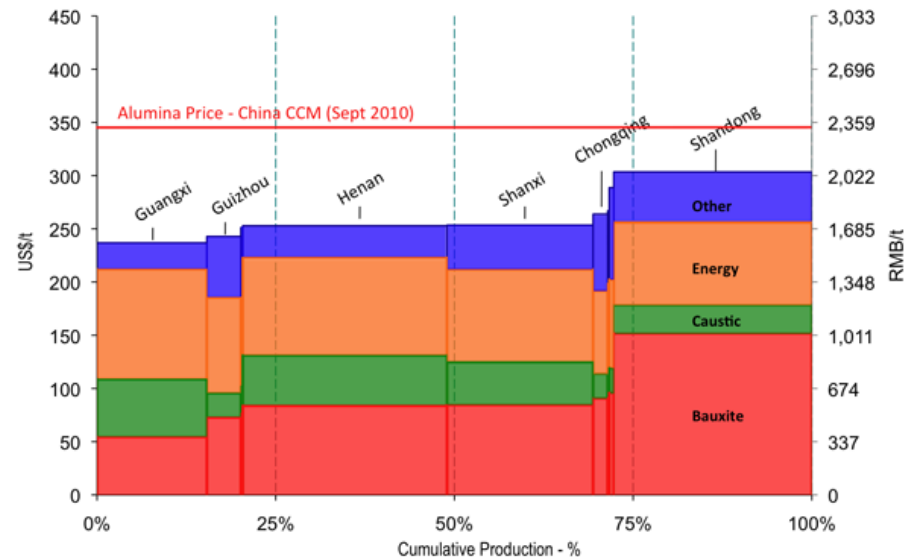
Economics demonstrate need for pricing change

- Strong demand for aluminium requires new investment in alumina
- Marginal producers of alumina have high cost structures
- Majority of contracts in RoW* priced as a percentage of LME aluminium price
- Current linked price does not reflect cost drivers of alumina
- Spot price is US\$362/t** FOB Australia

* Rest of World (excludes China)

** Platts – 2 November 2010

China's Alumina Cash Cost Curve (3Q 2010)



Source: Clark & Marron October 2010

New refinery capital costs are rising

Capital Cost US\$/tonne

China	\$1,074
North Australia	1,534
Western Australia	1,419
India	1,227
Guinea	1,887

Implied range \$1,000 - \$1,900 per tonne

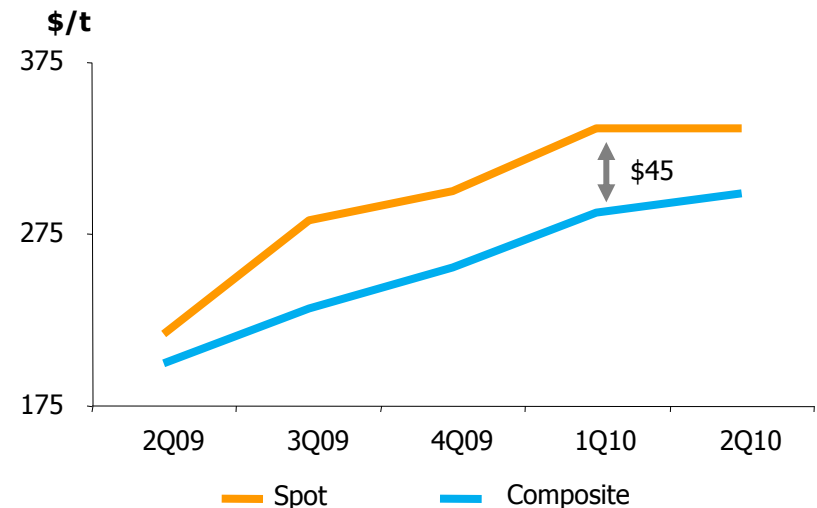
- Infrastructure costs rising quickly – ports, railways
- Long life mines difficult to develop
- Incentive price for alumina expected to rise to meet demand

Source: James King

Changing to an Index Price

- Indexes have emerged which can be used for frequent pricing
- Market is already shifting alumina customers to index-based pricing
- This is a structural change
- Approximately 20% of contracts mature annually

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

Implications for AWAC

- AWAC is the largest supplier into the third party alumina market
- AWAC has Tier 1 bauxite and alumina assets
- Brazil provides incremental capacity to meet growing demand
- Cash flow from AWAC will feed into Alumina Limited's announced dividend policy

Alumina Limited – a unique upstream alumina exposure

Key investment highlights

- World's largest miner of bauxite and manufacturer of alumina
- Strong long term demand for aluminium
- Favourable position on the cost curve
- Potential benefits of a pricing transition
- Large, long life bauxite and production capacity
- Improving cash flow generation
- Increased dividend and dividend policy confirmed