ASX Announcement 25 May 2022

Chairman's and CEO's Speeches – 2022 AGM

Attached is a revised copy of Chairman's and Chief Executive Officers' speeches delivered at the 2022 Annual General Meeting of the Company held today.

This ASX announcement was approved and authorised for release by Mike Ferraro, Chief Executive Officer.

About AWAC & Alcoa's Earnings Release

Alumina Limited owns 40% of each of the AWAC entities, which form a part of the Alcoa bauxite & alumina business segments. The Alcoa aluminium business segment includes the AWAC Portland smelting operations. Any closed operations are included in Transformation & legacy pension/OPEB. Therefore, the AWAC results cannot be directly inferred from the Alcoa earnings release. Further, unlike Alumina Limited, Alcoa reports under US GAAP. All figures displayed are in US dollars unless otherwise shown.

Forward-looking statements

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

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina Limited and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina Limited's Annual Report 2021. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina Limited disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

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Good afternoon ladies and gentlemen.

I am John Bevan, a non-executive Director of Alumina Limited. Unfortunately, Peter Day, the Company's Chair, has COVID and is unable to attend the meeting today. I know Peter is very disappointed at being unable to attend.

I will be acting as the Chair of Alumina Limited for today's Annual General Meeting of the Company. This is the 20th AGM of the Company since its demerger from Western Mining in 2002.

Acknowledgement of Country

I would like to acknowledge the traditional owners of the land on which we stand, the Wurundjeri Woi-Wurrung people, and pay respect to their Elders, past, present and emerging. I also pay my respects to Aboriginal Elders of other communities who may be present.

I will briefly discuss some housekeeping matters before moving on to the business of the meeting.

In the unlikely event that evacuation of the Auditorium is required, Mr Joe D'Angelo,who is in charge of security for the meeting, will give directions and the meeting will be adjourned. We would follow Mr D'Angelo's directions for an orderly evacuation of the Auditorium to the pre-determined evacuation point. The Emergency Assembly Area is
Outside the National Gallery of Victoria unless otherwise broadcast over the public address system.

I welcome shareholders who have joined the meeting physically.

The opportunity to ask questions in writing online via the virtual platform provided by Computershare and verbally through the webcast facility has been made available to shareholders.

Before formally beginning the meeting, I would like to introduce you to my fellow directors.

On my far left is Shirley In't Veld, a non-executive Director and the Chair of the Compensation Committee.

Next to Shirley is Deborah O'Toole, a non-executive Director and Chair of the Audit and Risk Management Committee.

Next to Deb is Mike Ferraro, our Chief Executive Officer.

On my immediate left is Stephen Foster, Alumina's General Counsel and Company Secretary.

Mr Chen Zeng, a non-executive director; who is currently located in Hong Kong and is joining us by phone. (Chen, could you please confirm you are able to hear us…). Chen is standing for reelection today and I will ask Chen to address the meeting regarding his election.

The Company's Interim Chief Financial Officer, Galina Kraeva, and Group Executive of Strategy and Business Development, Andrew Wood are seated to my left in the front row.

The Company's auditor, Price Waterhouse-Coopers, is represented by Mr. John O'Donoghue who is also present.

Mr O'Donoghue is available to answer any questions regarding the conduct of the audit and the content and preparation of the Audit Report.

A quorum of members is present and I now declare the meeting open.

The Notice of Meeting has been circulated and I will take it as read.

As previously notified to the ASX, all resolutions today will be decided on a poll, based on proxies that were submitted before the meeting.

The proxies received for today's meeting are held by the Company Secretary.

We have received proxies representing approximately 2.1 billion shares or 74 percent of the Company's issued shares.

Votes cast in person today will of course be tallied with proxies to arrive at the final outcome advised to the ASX.

The first item on the agenda of the meeting is to receive and consider the financial statements.

No resolution or vote is required on the financial statements.

I will deal with this item first.

I will then ask Mike Ferraro, our Chief Executive Officer, to address shareholders.

Then I will open the meeting for questions before dealing with each of the agenda items.

Results

Now let's turn our attention to the 2021 year. I should note, all references to currency in my and Mike's presentations are in US dollars.

The Company reported a net profit of 188 million dollars for 2021. This was a good result given the market volatility during the year. The AWAC business continued to maintain its low-cost position in 2021.

Mike will discuss the Company's results further in his presentation.

Dividends

In terms of dividends, 2021 was a year of continuing solid returns to shareholders. The total full year, fully franked dividend was 6.2 US cents per share. Your Company has now provided an average dividend yield to shareholders of 7.3 percent over the last five years and that is before the benefit of franking credits.

The Company has received net dividends from AWAC of 141 million dollars year to date, including 25.7 million dollars in May 2022.

Capital Management

- Our net debt level at the end of 2021 was 56 million dollars and we currently have a net cash position, consistent with the low and prudent debt levels we have maintained in recent years.

The Global Focus on Commodities

Now I'd like to conduct a fresh and contemporary analysis of our company, Alumina Limited, and its core business, the AWAC joint venture. I will outline some important themes which have emerged over recent years but until now have gone relatively unacknowledged.

I'm doing this in the context of a significantly sharper global focus on "commodities". The impact of the pandemic, the emerging spectre of inflation, the uncertainties suddenly overwhelming the post-Ukraine war global order and the realization everywhere that de-carbonisation is both imminent and daunting – all these factors have thrown the spotlight on the demand, availability and costs of commodities.

The world and investment markets are no longer taking commodities for granted and this is something we have not seen for many years.

So, it's important right now to place a spotlight on the fundamentals of our business and to ensure they are understood. Investment markets are beginning to price and value commodities in the light of new uncertainties. It follows that first-in-class commodity producing businesses like ours need to acknowledge the irreplaceable nature of our assets.

Alumina Limited Today

Alumina Limited is a globally unique, listed, pure-play alumina company with significant exposure to index-based alumina pricing. There is nothing like this company anywhere in the global aluminium production chain. We have no debt to speak of. We have a focused interest in alumina production, relatively undiluted by smelting and completely undiluted by interests in other commodities.

For many years our industry was challenged by what seemed to be the inexorable growth of Chinese production. This has now paused, if not plateaued, and alumina refining worldwide is expected to change in response to de-carbonization. In this new world, sunk capital and established operations are highly valuable.

Alumina's markets

Now I will turn to our markets. The global alumina market is highly attractive and over recent years index pricing has made it even more attractive because this accurately and quickly reflects global supply and demand fundamentals. Foremost among these fundamentals are the special characteristics of alumina in that unlike aluminium it cannot be stored and must be sold and consumed relatively quickly – it deteriorates otherwise. In addition, the customers that consume alumina are smelters which cannot flex their production volumes easily. You cannot turn aluminium pot lines on and off except at huge expense.

As a result, AWAC's lowest cost quartile competitiveness is highly leveraged to the upside and defensive against the downside.

Let me explain. Many hardened resource sector observers will translate AWAC's innate competitiveness into the classical mining language of resilience through the cycle.

The language of resilience is correct but insufficient. AWAC is more than just resilient through the cycle. When alumina markets turn, and prices rise – and they do so frequently - AWAC margins expand significantly, resulting in extraordinary cash flows.

Being relatively inelastic, we are seeing that alumina markets quickly price in global disruptions. We are resilient and profitable when the market is calm. But we are perfectly positioned to receive the benefits of the volatility caused by more frequent, consistent periods of market disruption.

The net result of these factors is that Alumina Limited is a highly attractive investment for shareholders which consistently pays market leading dividends. This reflects the strong cash generation of AWAC's assets, the impact of our markets, together with favourable joint venture agreements that legislate the speedy flow of cash directly to AWAC's joint venture partners.

Alumina's assets

I referred earlier that in this world of heightened focus on commodities it is incumbent on us to acknowledge the irreplaceable nature of our assets in the light of our enviable positions in global markets. Let me do so now.

AWAC's global leadership stems from two dimensions of quality that have underpinned decades of top performance:

First, as I've detailed, AWAC's alumina assets are on average in the lowest quartile on the cost curve allowing it to generate profits through the cycle. Secondly, AWAC alumina assets are lowest quartile of emissions intensity of all major producers.

The global alumina market provides attractive returns for low-cost producers such as AWAC. As Mike will further explain, it is now commonplace for the global alumina market to turbocharge the returns of its most competitive suppliers such as AWAC.

At the root of it all is AWAC's energy position in WA, a foundation of cost and emissions competitiveness, and a highly strategic long term gas resource in times of changing energy markets. AWAC's Australian refineries combine this energy position with proximity to long life bauxite resources – there is hardly anything like this combination in the industry.

ESG

Western Australia's natural gas currently contributes to AWAC having one of the lowest carbon emission averages in the industry. Gas could continue to serve AWAC's Darling Ranges refineries for many years, but AWAC is concurrently looking at ways to transition to renewable energy, thus reducing its carbon footprint.

Your Directors and Management continue to have regular conversations with stakeholders about the importance of climate change, amongst other issues. In October last year, Alumina Limited revised its climate change position statement to announce that it will strive for AWAC to reduce its scope one and two emissions to net zero by 2050.

AWAC's decarbonisation strategy for its refineries revolves around two potential technologies: Mechanical Vapour Recompression (MVR), and Electric Calcination. MVR would see a series of renewable powered compressors retrofitted to a refinery using renewable energy to recompress waste vapour into steam - which is then recirculated to the beginning of the digestion process. Electric Calcination would utilise renewable electricity to generate the 1,000 degrees Celsius required to dry the alumina hydrate.

The focus for this decade will be investing in R&D for these technologies to seek to prove that they are operationally viable, as well as commercial. A key catalyst for these projects will be renewable generation inputs, but we remain conscious that any energy solution needs to be reliable, affordable, and sustainable.

Australia has world leading solar and wind generation values, but sufficient renewable generation inputs required for technologies such as MVR and EC have not yet been built where our assets are located. We are not wedded to a particular type of clean energy.

Large electricity consumers such as AWAC's Portland smelter may also be able to play a role in grid stability through demand response. Portland has significantly reduced its carbon footprint over the past decade. With the help of more green electricity generated in Victoria, it's energy profile may be such that it consumes 40% to 50% renewable electricity by 2030.

Aluminium can be part of a sustainable virtuous circle, whereby aluminium can be used in components of solar panels, wind farms and transmission, all of which facilitate the transition to lower emission energy.

Conclusion

In conclusion, I believe the Company is well positioned as commodity and energy markets continue to change. Your Board and management are committed to working with Alcoa so that AWAC continues to provide long term value to its stakeholders.

With those remarks I'll pass over to Mike.

Mike Ferraro – 2022

Thank you John.

Overview of 2021

2021 was a year of contrasting halves which demonstrated the resilience of our joint venture in moderate markets, and how AWAC takes full advantage of opportunities once markets turn more positive.

Overall, the business operated well in the face of continuing operational, shipping and supply chain disruptions. Our net profit of 188 million dollars was a substantial 28% increase over the previous year. This reflected AWAC's greatly improved financial performance off the back of higher alumina and metal prices. The average alumina price for 2021 increased by 21% to 329 dollars per tonne, compared to 2020.

AWAC's alumina production of 12.6 million tonnes in 2021 was a decline of 200,000 tonnes on the prior year.

The Portland smelter enjoyed the highest metal prices for a decade and achieved 73 million dollars in EBITDA. Accordingly, a decision was made to restart Portland's remaining idled capacity.

Alumina markets in 2021

Last year alumina prices rose sharply in the fourth quarter. This followed alumina production disruptions globally in the second half. In addition, alumina prices were supported by higher energy and caustic costs.

These market fundamentals caused a price spike in the API to a high of 484 dollars per tonne. The fourth quarter EBITDA margin for AWAC in 2021 was 165 dollars per tonne, an increase from the average of 70 dollars per tonne for the previous three quarters.

Alumina Markets in 2022

New disruptions to the alumina market have emerged in 2022. Covid outbreaks in China have created logistical challenges. Chinese alumina production was also constrained due to the winter Olympics and environmental policies. With the closure of a Ukrainian refinery upon the outbreak of war, alumina prices jumped to 533 dollars per tonne in March. Alumina prices have since fallen, impacted by sanctions imposed on Rusal exporting Australian alumina to Russia. This is now causing a short-term oversupply in the Pacific.

Market Fundamentals

We have seen several different market disruptions over the past 5 years.

It is worth discussing this in more detail. The alumina market reflects finely balanced fundamentals where supply and demand changes are efficiently reflected in spot prices. As John has remarked, the alumina market can be stable and relatively balanced; but at other times it is exposed to substantial disruptions and imbalances resulting in price volatility, more frequently on the upside.

The global alumina market is not well understood. The Alumina Price Index or API is the main pricing method for alumina. API is unique – it is an index price set by third party observers. The API is not traded on the London Metals Exchange or publicly reported. There is no liquid futures market like there are for other commodities. Because of this, prices don't get a lot of coverage.

This means it is not closely observed by the market, even though Australia is home to 3 of the world's largest alumina producers outside China (our joint venture, South 32 and Rio Tinto). In fact, alumina and bauxite exports from Australia represent our 8th largest export by value.

Market disruptions have been frequent

The alumina supply demand balance and the near-term outlook can quickly tighten and result in shortages and price spikes – even in the context of an expected surplus for a year.

Recent market outcomes have highlighted that alumina pricing is unpredictable and prone to violent swings when there is disruption and uncertainty. The general learning from the last four to five years is that those circumstances are increasingly occurring and have quite diverse causes.

[Slide on market disruptions]

(i) Operational and Industry Events

Some disruptions have operational causes. For instance, the world's largest refinery, Alunorte, curtailed 50% of its production in 2018 and 2019 following extreme rainfall and environmental issues. We also saw the impact in 2021 of operational disruptions at our Alumar refinery; a fire closed the Jamalco refinery in Jamaica and hurricanes affecting the Gramercy refinery in the US.

Covid has also had impacts on alumina production.

(ii) Global Politics/Conflicts

Disruptions can also occur as a result of geopolitical causes, such as US economic sanctions on Rusal in 2018. We are now seeing the impacts of global conflict with the recent closure of the Nikolaev refinery in the Ukraine.

(iii) Global Decarbonisation Initiatives

A third cause of market disruptions has been global energy and economic policies, such as China curtailing production and energy use in 2017 to manage regional air pollution and energy efficiency. China acted again in 2021 to limit energy use and carbon emissions, which is expected to increasingly limit the rate of growth of new refining capacity.

Quite clearly there have been frequent disruptive events from a variety of sources with periods of exceptional prices over the last 5 years. It's tempting to see these events as windfalls and therefore not give them due weight. Indeed, that's the implicit view of many investment observers. But, that underplays the fact that such events are emerging more frequently. I believe these outcomes are to be expected in a broadly balanced market, rather than being viewed as extraordinary windfalls.

AWAC's Quality shines in an uncertain world

In each of these disruptive phases, AWAC has realised very positive earnings reflected in higher dividends to shareholders. Firstly, this is due to AWAC's relatively low position on the global cost curve. This is normally seen as the source of AWAC's resilience. However, it's also the fact that AWAC's margins and cashflows are relatively turbocharged when markets are disrupted.

Secondly, AWAC's output is highly exposed to API pricing, unlike some years ago when alumina was sold at a price linked to the London Metals Exchange.

Thirdly, Alumina Limited has virtually no debt.

Longer term: Challenges of global energy prices and de-carbonisation

We have seen energy disruptions impact Europe and China in the early days of the transition from carbon-based energy. These forces have impacted costs and supply of alumina and aluminium and the potential for future new supply. With long term gas resources in WA, AWAC is well placed with energy supply for at least the rest of the decade, whilst cleaner energy solutions are investigated.

We believe global energy transition, de-carbonisation and a plateauing in China's production volumes are positive for both the alumina and the aluminium industry. These drivers reinforce the value of already established alumina assets which are energy efficient, such as AWAC.

Also, decarbonisation is driving long-term growth in aluminium metal consumption.

There are limited new refinery expansions committed outside China to meet expected growth in aluminium demand. It is likely to take lengthy periods to bring to market new capacity outside India and China, which may lead to alumina supply deficits.

Energy

As we are seeing in Europe, disruptions to oil and gas supplies are causing energy shortages and significantly higher prices. Why, because there is not enough sustainable clean energy to meet the deficit. With a new Australian Government in place we may well see a faster transition to renewable energy. I do support the move; the faster the better.

But solar and wind alone will not be enough. Even now in Australia, during peak consumption periods the electricity price spikes.

As the chart on the screen shows fossil fired electricity currently represents over 70% of the energy mix. It will be very difficult, without disruption, to replace coal fired power with wind and solar or other technologies. Firm power, that is, power that is available 24/7, is a particular problem with renewables.

Its not as simple as increasing solar and wind generation. As heavy industry starts to transition off gas there will be a very significant increase in demand for electricity

Solar and wind generated electricity needs to be supported by significant storage capability and other technologies. It also needs a more stable and upgraded transmission system.

Hydrogen is a long-term solution, probably a decade away at least.

This means that all options need to be assessed to ensure that the transition to clean energy is effective and successful without major disruptions. In addition to technologies being assessed now, Australia should also engage in a debate on nuclear energy and assess it as part of a potential range of solutions recognising, as I said, that the demand for electricity will grow exponentially.

Outlook and Conclusion

Before closing I would like to turn to our outlook. The outlook for alumina remains attractive. Alumina spot prices in 2022 so far have averaged 403 dollars per tonne. Rusal's refinery in the Ukraine which has an annual production rate of 1.8 million tonnes, is out of action and is not likely to return to production quickly.

Your Company is fortunate to be part of the aluminium supply chain which will be supported by higher demand as aluminium plays a key role in global decarbonisation efforts. Disruptive events globally are also supporting a tight to balanced market which will quickly respond in price to any further supply disruptions.

Thank you for listening and being here today.