

2022 Half-Year Result

- Alumina 1H 22 NPAT up 128% to US\$167.9 million
- Interim dividend 4.2 US cents per share
- Higher margins driven by alumina prices

Alumina Limited (ASX:AWC) ("Alumina" or "Company") today reported a statutory net profit after tax of US\$167.9 million for the half-year to 30 June 2022, compared to \$73.6 million in 2021. The Company declared an interim, fully franked dividend of 4.2 US cents per share.

Alumina's Chief Executive Officer, Mike Ferraro, said, "In the first half of 2022, the strength of AWAC's operations was demonstrated by a 57 percent increase in refining margin, driven by a higher alumina price resulting from continuing supply disruptions in finely balanced global markets.

"The increased margins from AWAC's alumina refineries and the Portland smelter flowed through to net distributions from AWAC, which at \$162 million were 18 percent higher than the corresponding period last year. As a result, Alumina has been able to increase the interim dividend to shareholders for 2022 by 24 percent. Alumina's dividend yield has averaged 7.4 percent over the last 5 years, which consistently places Alumina as one of the top performers amongst its industry peers.

"Input cost pressures increased during the first half as energy and caustic prices rose. Nevertheless AWAC's refining portfolio on average remained in the lowest quartile of the global cost curve and the lowest quartile for CO₂ emissions intensity. Looking forward, AWAC's cost performance should benefit from San Ciprian's production being partially curtailed and AWAC's other refineries improving operational stability.

"The medium term outlook is positive for aluminium as it will become even more critical in the transition to a lower carbon economy and this demand will flow through to alumina. As a significant participant in the aluminium supply chain, AWAC and Alumina are well placed to benefit from this growth."

AWAC¹ HIGHLIGHTS

- EBITDA of US\$836.1 million, an increase of US\$371.3 million from the previous corresponding period
- Margin for alumina refineries was US\$94 per tonne, an increase of US\$34 per tonne compared to the previous corresponding period
- Net cash inflow² of US\$378.5 million, an increase of US\$156.0 million

KEY FINANCIALS

ALUMINA LIMITED KEY FINANCIALS	US\$ MILLION			AWAC KEY FINANCIALS (US GAAP)	US\$ MILLION		
	HY2022	HY2021	Change		HY2022	HY2021	Change
Net profit after tax	167.9	73.6	Up 128%	Net profit after tax	438.9	201.7	Up 118%
Net profit after tax excluding significant items	119.6	69.2	Up 73%	EBITDA ³	836.1	464.8	Up 80%
Net receipts from AWAC	162.0	137.0	Up 18%	EBITDA excluding Significant Items	706.8	448.2	Up 58%
Free cash flow available for dividends	122.6	98.0	Up 25%	Net cash inflow ²	378.5	222.1	Up 70%
Closing net debt / (cash)	(19.3)	5.7			US\$ / TONNE		
Interim dividend (US cps)	4.2	3.4	Up 24%	Average realised price of alumina	398	290	Up 37%
				Cash cost per tonne of alumina produced	304	230	Up 32%

DEFINITIONS AND NOTES

1. AWAC is Alcoa World Alumina & Chemicals, which is 40percent owned by Alumina Limited and 60 percent owned by Alcoa Corp.
2. AWAC net cash inflow is defined as cash flow before distributions less capital contributions from partners
3. Earnings before interest, tax, depreciation and amortisation consistent with previous periods

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

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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Company Secretary

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ASX Half-Year Report

Alumina Limited ABN 85 004 820 419

30 JUNE 2022

Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction
with the 31 December 2021 Annual Report.

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

The Company invests worldwide in bauxite mining, alumina refining and an aluminium smelter through its 40% ownership of Alcoa World Alumina and Chemicals (AWAC). Alcoa Corporation (Alcoa) owns the remaining 60% of AWAC, and is the manager.

The ASX half-year report covers the consolidated entity consisting of Alumina Limited and its subsidiaries (the Group). All financial data is presented in US dollars, unless otherwise specified.

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Results for Announcement to the Market

Net Profit/(Loss)

		CHANGE	US\$ MILLION
Revenue from continuing operations	Up	100%	0.1
Profit from continuing operations after tax attributable to members of Alumina Limited	Up	128%	167.9
Net profit for the half-year attributable to members of Alumina Limited	Up	128%	167.9

Details Relating to Dividends

	AMOUNT PER SHARE ¹ US CENTS	TOTAL AMOUNT PAID/PAYABLE US\$ MILLION
2021 Final dividend (paid 17 March 2022)	2.8	81.2
2022 Interim dividend (declared on 23 August 2022)	4.2	121.9

¹ All dividends are fully franked at 30% tax rate. The interim dividend amount was not recognised as a liability as at 30 June 2022.

	INTERIM DIVIDEND DATE
Record date	29 August 2022
Payment date	15 September 2022

Dividend Reinvestment Plan (DRP)

The Dividend Reinvestment Plan remains suspended in 2022.

	A\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	YEAR ENDED 31 DEC 2021
Franking Account Balance	464.7	377.7

Net Tangible Assets per Security

	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Net assets (US\$ million)	1,754.5	1,741.4
Less equity accounted intangible assets:		
Goodwill (US\$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US\$ million)	63.9	65.4
Net tangible assets (US\$ million)	1,514.8	1,500.2
Number of issued ordinary shares (including treasury shares)	2,901,681,417	2,901,681,417
Net tangible assets per ordinary security (US\$)	0.52	0.52

Significant Items Affecting Net Profit or Loss

The net profit/(loss) of Alumina Limited includes the Company's equity share of the half-year results of AWAC. The Company's net profit was affected by its equity share of net charges relating to significant items contained within AWAC's results. For further details refer page 22.

Condensed Interim Consolidated Financial Report

Directors' Report

The Directors of Alumina Limited present their report on the consolidated entity consisting of Alumina Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons were directors of Alumina Limited during the whole of the half-year and up to the date of this report, unless otherwise indicated:

Non-Executive

W P Day (Chairman)
C Zeng
D O'Toole
J A Bevan
S E In't Veld

Executive

M P Ferraro

Principal Activities

The principal activity of the Group is its 40 per cent interest in the series of operating entities forming the AWAC joint venture. AWAC has interests in bauxite mining, alumina refining, and aluminium smelting. There have been no significant changes in the nature of this activity.

Review Of Operations

The half-year financial results of Alumina Limited include the half-year results of AWAC and associated corporate activities.

The Group's half-year profit after tax attributable to members of Alumina Limited was US\$167.9 million (1H 2021: US\$73.6 million).

For further information on the operations of the Group during the half-year ended 30 June 2022 and the results of these operations, refer to pages 19-25.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 7.

Rounding Of Amounts

The Company is of a kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. Amounts in this Directors' Report and Financial Report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument, except where otherwise required.

This Report is made in accordance with a resolution of the Directors.



Mike Ferraro
Managing Director and
Chief Executive Officer
Melbourne
23 August 2022



Auditor's Independence Declaration

As lead auditor for the review of Alumina Limited for the half-year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Alumina Limited and the entities it controlled during the period.



Amanda Campbell
Partner
PricewaterhouseCoopers
23 August 2022

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Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Revenue from continuing operations	0.1	—
Share of net profit of associates accounted for using the equity method	175.7	82.4
General and administrative expenses	(6.2)	(6.9)
Finance costs	(1.7)	(1.9)
Profit before income tax	167.9	73.6
Income tax expense	—	—
Profit for the half-year attributable to the owners of Alumina Limited	167.9	73.6
Other comprehensive(loss)/ income		
<i>Items that may be reclassified to profit or loss</i>		
Share of reserve movements accounted for using the equity method	1.7	2.7
Foreign exchange translation difference	(30.4)	(10.5)
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurements of post-employment benefit obligations accounted for using the equity method	10.5	25.4
Other comprehensive income/(loss) for the half-year, net of tax	(18.2)	17.6
Total comprehensive income/(loss) for the half-year attributable to the owners of Alumina Limited	149.7	91.2

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company¹

	US CENTS	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Basic earnings per share	5.8	2.5
Diluted earnings per share	5.8	2.5

¹ For further details refer page 14.

Consolidated Balance Sheet

	US\$ MILLION	
	30 JUNE 2022	31 DEC 2021
CURRENT ASSETS		
Cash and cash equivalents	19.3	9.1
Other assets	1.1	1.5
Total current assets	20.4	10.6
NON-CURRENT ASSETS		
Right of use asset	2.1	2.3
Investment in associates	1,736.0	1,741.8
Total non-current assets	1,738.1	1,744.1
TOTAL ASSETS	1,758.5	1,754.7
CURRENT LIABILITIES		
Payables	0.4	0.3
Provisions and other liabilities	1.2	1.2
Total current liabilities	1.6	1.5
NON-CURRENT LIABILITIES		
Borrowings	–	65.0
Lease liability	1.5	1.7
Provisions	0.9	0.9
Total non-current liabilities	2.4	67.6
TOTAL LIABILITIES	4.0	69.1
NET ASSETS	1,754.5	1,685.6
EQUITY		
Contributed equity	2,706.7	2,706.7
Treasury shares	(0.8)	(1.2)
Reserves	(1,425.5)	(1,396.8)
Retained earnings	474.1	376.9
TOTAL EQUITY	1,754.5	1,685.6

Consolidated Statement of Changes in Equity

	US\$ MILLION			
	CONTRIBUTED AND OTHER EQUITY ¹	RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 1 January 2021	2,705.9	(1,310.0)	338.7	1,734.6
Profit for the half-year	—	—	73.6	73.6
Other comprehensive income/(loss) for the half-year	—	(7.8)	25.4	17.6
Transactions with owners in their capacity as owners:				
Dividends paid	—	—	(84.1)	(84.1)
Movement in treasury shares	(0.4)	—	—	(0.4)
Movement in share-based payments reserve	—	0.1	—	0.1
Balance as at 30 June 2021	2,705.5	(1,317.7)	353.6	1,741.4
Balance as at 1 January 2022	2,705.5	(1,396.8)	376.9	1,685.6
Profit for the half-year	—	—	167.9	167.9
Other comprehensive income/(loss) for the half-year	—	(28.7)	10.5	(18.2)
Transactions with owners in their capacity as owners:				
Dividends paid	—	—	(81.2)	(81.2)
Movement in treasury shares	0.4	—	—	0.4
Movement in share-based payments reserve	—	—	—	—
Balance as at 30 June 2022	2,705.9	(1,425.5)	474.1	1,754.5

¹ Comprises contributed equity and treasury shares.

Consolidated Statement of Cash Flows

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(5.4)	(6.7)
GST refund received	0.3	0.3
Dividends received from associates	227.1	121.4
Finance costs paid	(1.5)	(1.7)
Tax paid	–	(0.1)
Other	(0.1)	–
Net cash inflow/(outflow) from operating activities	220.4	113.2
Cash flows from investing activities		
Payments for investments in associates	(83.1)	–
Proceeds from return of invested capital	18.0	15.6
Net cash inflow/(outflow) from investing activities	(65.1)	15.6
Cash flows from financing activities		
Proceeds from borrowings	28.0	80.0
Repayment of borrowings	(93.0)	(120.0)
Payment for shares acquired by the Alumina Employee Share Plan	–	(0.8)
Dividends paid	(81.2)	(84.1)
Net cash inflow/(outflow) from financing activities	(146.2)	(124.9)
Net increase/(decrease) in cash and cash equivalents	9.1	3.9
Cash and cash equivalents at the beginning of the half-year	9.1	10.4
Effects of exchange rate changes on cash and cash equivalents	1.1	–
Cash and cash equivalents at the end of the half-year	19.3	14.3

Notes to the Consolidated Financial Statements

Basis of Preparation

This condensed consolidated interim financial report for the half-year ended 30 June 2022 has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4D and in accordance with Australian Accounting Standard ("AASB") 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by Alumina Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period.

New and Amended Standards Adopted by the Group

A number of amended standards became applicable for the current reporting period.

The amendments did not have any material impact on the Group's accounting policies and did not require current period or retrospective adjustments.

Segment Information

Alumina Limited's sole business undertaking is in the global bauxite, alumina and aluminium industry, which it conducts primarily through bauxite mining and alumina refining. All of those business activities are conducted through its 40% investments in AWAC. Alumina Limited's equity interest in AWAC forms one reportable segment.

The equity interest in AWAC is represented by investments in a number of entities in different geographical locations.

HALF-YEAR ENDED 30 JUNE 2022	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,125.4	473.7	56.9	80.0	1,736.0
Assets	21.7	0.4	—	0.4	22.5
Liabilities	(4.0)	—	—	—	(4.0)
Consolidated net assets	1,143.1	474.1	56.9	80.4	1,754.5

YEAR ENDED 31 DECEMBER 2021	US\$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,204.8	429.9	69.1	38.0	1,741.8
Assets	12.4	0.2	—	0.3	12.9
Liabilities	(69.0)	—	—	(0.1)	(69.1)
Consolidated net assets	1,148.2	430.1	69.1	38.2	1,685.6

Reconciliation of Cash

	US\$ MILLION	
	30 JUNE 2022	31 DEC 2021
Reconciliation of cash at the end of the half-year (as shown in the consolidated statement of cash flows) as follows:		
Cash on hand and at bank	19.3	9.1
Total cash and cash equivalents at the end of the half-year	19.3	9.1

Non-Cash Financing and Investing Activities

There were no non-cash financing and investing activities during the half-year ended 30 June 2022.

Dividends

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Dividends provided for or paid during half-year	81.2	84.1
Dividends not recognised at the end of the half-year	121.9	98.7

Income Tax

The income tax expense/benefit for the period is the tax payable/receivable on the current year end's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The significant majority of the Company's taxable income reported for the reporting period relates to Australian dividend income from the Company's investments in AWAC. Under Australian income tax law, the Company is entitled to reduce its tax payable by claiming credits (franking credits) in relation to Australian dividend income. This is to prevent double taxation, as Australian tax has been paid by Alcoa of Australia Limited (an AWAC entity) on its operating income.

Based on the above, the estimated average annual tax rate used for the half-year to 30 June 2022 is 0% (for the half-year to 30 June 2021: 0%).

Equity Securities Issued

There were no issues of ordinary shares during the half-years ended 30 June 2022 and 30 June 2021.

Movement in Treasury Shares

Treasury shares are Alumina Limited shares held by the Alumina Employee Share Plan Trust for the purposes of issuing shares under the Alumina Employee Share Plan.

	NUMBER OF SHARES		US\$	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Balance brought forward	993,630	788,702	1,198,836	781,180
Shares acquired by Alumina Employee Share Plan Pty Ltd	-	637,500	-	832,242
Employee performance rights vested	(388,588)	(432,572)	(410,723)	(414,586)
Total treasury shares	605,042	993,630	788,113	1,198,836

Earnings Per Share

	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Profit attributable to the ordinary equity holders of the Company in the calculation of basic and diluted earnings per share (US\$ million)	167.9	73.6
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted earnings per share	2,901,052,759	2,900,919,333
Basic earnings per share (US cents)	Positive 5.8	Positive 2.5
Diluted earnings per share (US cents)	Positive 5.8	Positive 2.5

Details of Entities Over Which Control Has Been Lost or Gained

There was no loss or gain of control for the half-years ended 30 June 2022 and 30 June 2021.

Material Interests in Entities Which Are Not Controlled Entities

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			30 JUNE 2022	30 JUNE 2021
Alcoa of Australia Limited	Bauxite, alumina & aluminium production	Australia	40	40
Alcoa World Alumina LLC	Bauxite and alumina trading	America	40	40
Alumina Espanola S.A.	Alumina production	Spain	40	40
Alcoa World Alumina Brasil Ltda.	Bauxite and alumina production	Brazil	40	40
AWA Saudi Ltda.	Bauxite and alumina production	Hong Kong	40	40

AWAC Contribution to Net Profit/(Loss) of Alumina Limited and Controlled Entities

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Revenues	3,081.7	2,376.3
Profit from continuing operations	441.2	207.7
Profit for the half-year¹	441.2	207.7
Other comprehensive income/(loss) for the half-year	(49.0)	43.8
Total comprehensive income/(loss) for the half-year	392.2	251.5
Reconciliation to share of net profit of associates		
Group share of profit for the half-year as a percentage	40	40
Group share of profit for the half-year in dollars	176.4	83.1
Mineral rights and bauxite amortisation	(1.1)	(1.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.4	0.4
Share of net profit of associates accounted for using the equity accounting method	175.7	82.4
Dividends and distributions received from AWAC²	227.1	121.4

¹ The profit for the half-years ended 30 June 2022 and 30 June 2021 include net charges relating to significant items that have affected AWAC's net profit after tax. For further details refer to the reconciliation on page 22.

² In addition to dividends and distributions, Alumina Limited also received \$18 million being return of invested capital in 1H 2022 (1H 2021: \$15.6 million).

Commitments and Contingent Liabilities for AWAC

As previously reported, the Australian Taxation Office (ATO) has undertaken a transfer pricing examination in respect of certain historical third-party alumina sales made by Alcoa of Australia Limited (AofA) over a 20-year period. As a result of that examination, the ATO had issued a statement of audit position (SOAP) to AofA. The SOAP was the subject of an internal review process within the ATO. The ATO completed that process, and on 7 July 2020 issued AofA with Notices of Assessment (the Notices) in respect of this matter. The Notices assert claims for additional income tax payable by AofA of approximately A\$214 million. The Notices also include claims for compounded interest on the primary tax amount totalling approximately A\$707 million.

In accordance with the ATO's dispute resolution practices, on 30 July 2020, AofA paid 50% of the assessed primary income tax amount (exclusive of interest and any penalties), being approximately A\$107 million, out of cash flows. In exchange, the ATO will not seek further payment prior to final resolution of the matter.

On 17 September 2020, the ATO issued a position paper with its preliminary view on the imposition of administrative penalties related to the tax assessment issued to AofA. This paper proposed penalties of approximately A\$128 million.

AofA disagreed with the Notices and with the ATO's proposed position on penalties. In September 2020, AofA lodged formal objections to the Notices. In the fourth quarter of 2020, AofA provided a submission on the ATO's imposition of interest, and also submitted a response to the ATO's position paper on penalties. AofA submissions

propose that the interest amount should be remitted (i.e. should not be fully payable) and no penalties should be payable. After the ATO completes its review of AofA's response to the penalties position paper, the ATO could issue a penalty assessment.

To date, AofA has not received a determination from the objections team on the Notices, nor has it received a response to its position paper on interest or its response to the ATO's position paper on penalties.

On 1 February 2022, AofA submitted statutory notices to the ATO requiring the ATO to make decisions on AofA's objections within a 60-day period. On 1 April 2022, the ATO issued its decision disallowing the Company's objections related to the income tax assessment, while the position on penalties and interest remains outstanding.

On 29 April 2022, AofA filed proceedings in the Australian Administrative Appeals Tribunal against the ATO to contest the Notices, a process which could last several years.

AofA's obligation to make any further payment of the primary tax amount, or payment of any penalty or interest amount, will be determined through the objection and court processes available to AofA. If AofA is ultimately fully successful, the 50% part-payment to the ATO would be refunded. Further interest on the unpaid amounts will continue to accrue during the dispute.

The Company understands that AofA will defend its position in respect of the ATO's Notices and any penalties imposed.

Borrowings

	US\$ MILLION	
	30 JUNE 2022	31 DEC 2021
Bank loans	—	65.0
Total borrowings	—	65.0

Alumina Limited has a US\$350 million syndicated bank facility with tranches maturing in October 2022 (US\$100 million), July 2023 (US\$150 million), and July 2024 (US\$100 million).

The syndicated bank facility remains subject to transition from LIBOR to an alternative benchmark rate. Under the terms of the facility, the Company may use the one-month, three-month or six-month USD LIBOR tenor. These USD LIBORs will not cease until June 2023. As at 30 June 2022, there have been general communications with lenders in relation to the replacement of LIBOR but specific changes required by the reform have not yet been agreed.

As at 30 June 2022, there were no amounts drawn against the syndicated facility.

Events Occurring After the Balance Sheet Date

There have been no significant events occurring since 30 June 2022.

Please refer to Note "Dividends" on page 13 for the final dividend recommended by the Directors.

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Alumina Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

	<p>Mike Ferraro Managing Director and Chief Executive Officer Melbourne 23 August 2022</p>
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Independent Auditor's Review Report to the Members of Alumina Limited

Report on half-year financial report

Conclusion

We have reviewed the half-year financial report of Alumina Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 30 June 2022, the consolidated statement of changes in equity, the consolidated statement of cash flow and the consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration. Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Alumina Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


PRICEWATERHOUSECOOPERS



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23 August 2022

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Supplementary Appendix 4D Information

Note Regarding Non-IFRS Financial Information

Consolidated Financial statements of the Group prepared in accordance with Australian Accounting Standards (“AAS”) also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This supplementary information contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with the prior corresponding period and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate.

The AWAC financial information presented has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

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 supplementary information 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, the future financial position, performance, 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.

Review of AWAC Operations

Alumina Limited provides investors with a unique opportunity to share in the ownership of globally leading bauxite mines and alumina refineries in Australia, Brazil, Spain, Saudi Arabia and Guinea through its 40% investment in the AWAC joint venture. AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia.

The current refining portfolio is comprised mostly of tier one assets that enable AWAC to generate strong returns throughout the commodity cycle. Having long life bauxite mines located in close proximity to most AWAC refineries is a key competitive advantage in terms of driving a low position on the cost curve.

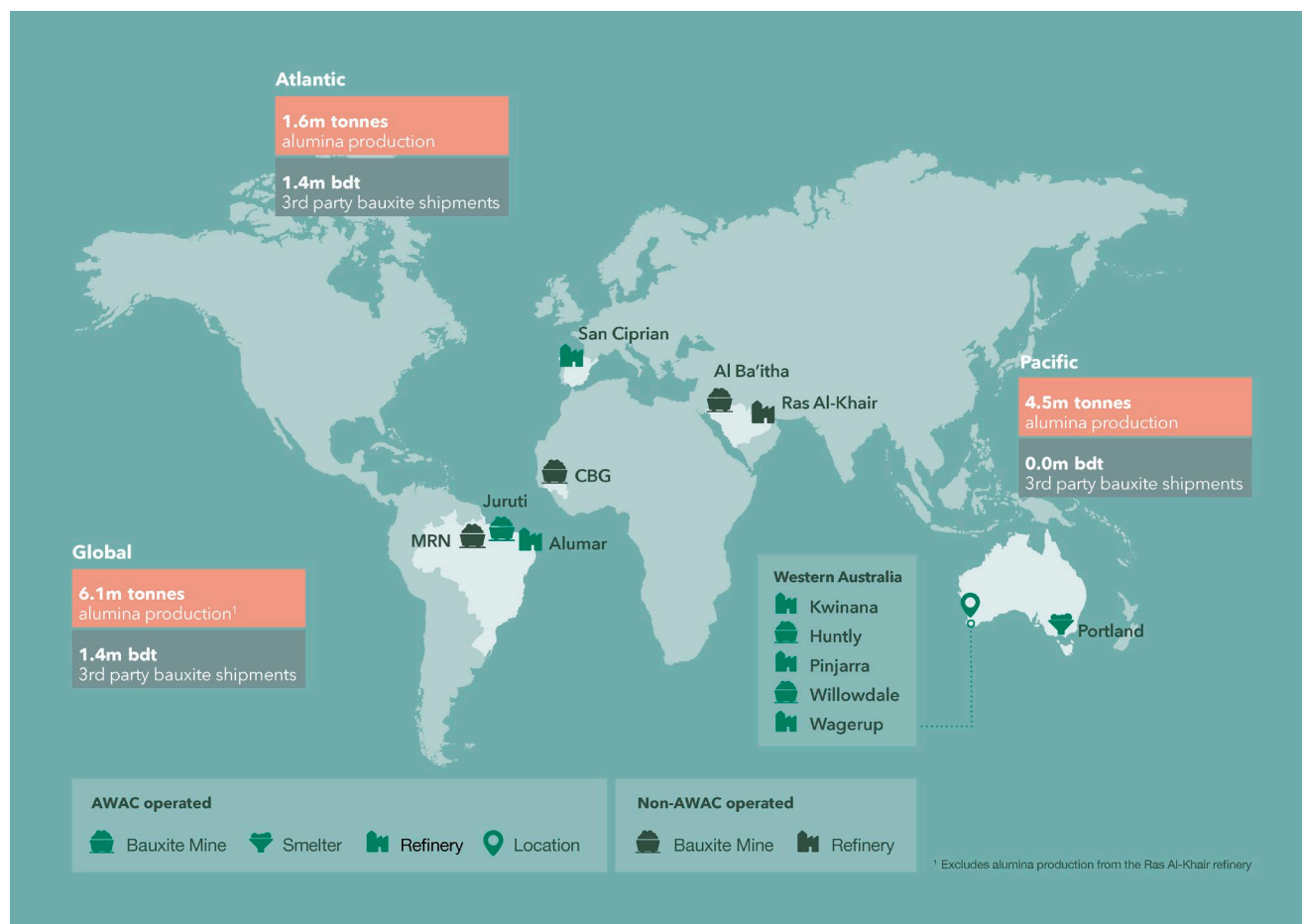
Global events including the sustained effect of the COVID-19 pandemic have continued to have health, economic and logistical impacts in the locations where AWAC operates. The conflict in Ukraine has created new pressures with respect to energy markets and raw materials such as caustic soda. Further alumina price volatility delivered benefits to AWAC as price increases exceeded cost pressures when compared with the corresponding half of the prior year.

Overall AWAC refinery production decreased through the first half with total output of 6.1 million tonnes. Cash costs of alumina production increased to \$304 per tonne, up half on half by \$74 per tonne. Despite these cost challenges, the first half alumina margin increased to \$94 per tonne, up \$34 per tonne compared to the prior year first half. Increases in energy and caustic costs represented more than 70% of total cost increases. The remaining cost increases related to the decrease in production resulting in a higher fixed cost base as well as some unplanned maintenance events. The Australian dollar and Euro have both moved in a favourable direction somewhat offset by an unfavourable Brazilian Real movement.

Aluminium prices were also at record highs for the first half and delivered a positive result for Portland, after the smelter renewed energy contracts in the second half of 2021 securing business continuity.

Despite the global events and associated market uncertainty, AWAC continues to return cash to its joint venture partners.

DIAGRAM OF AWAC GLOBAL OPERATIONS



Bauxite Mining

	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021	CHANGE		CHANGE (%)
AWAC OPERATED MINES					
Production (million bone dry tonnes ("BDT"))	18.0	20.6	(2.6)	▼	(12.6)
Cash cost (\$/BDT of bauxite produced)	13.1	11.2	1.9	▲	17.0
NON-AWAC OPERATED MINES					
AWAC equity share of production (million BDT) ¹	2.1	2.2	(0.1)	▼	(4.5)
THIRD PARTY SALES					
Shipments to third parties (million BDT)	1.4	2.6	(1.2)	▼	(46.2)
Total third-party revenue, inclusive of freight ² (\$ million)	54.2	85.8	(31.6)	▼	(36.8)

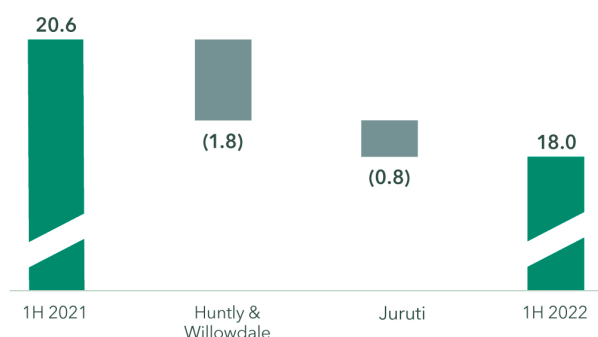
¹ Based on the terms of its bauxite supply contracts, AWAC's bauxite purchases from the Mineração Rio do Norte S.A. ("MRN") mine in Brazil, and Compagnie des Bauxites de Guinée (CBG) mine in Guinea, differ from their proportional equity in those mines.

² Includes nil freight revenue for 1H2022 (1H2021: \$17.8 million).

AWAC Operated Mines

AWAC-operated mines decreased production by 12.6%, down from the previous first half-yearly production record in 2021 for the current portfolio of assets.

Bauxite production: change by mine (million bdt)

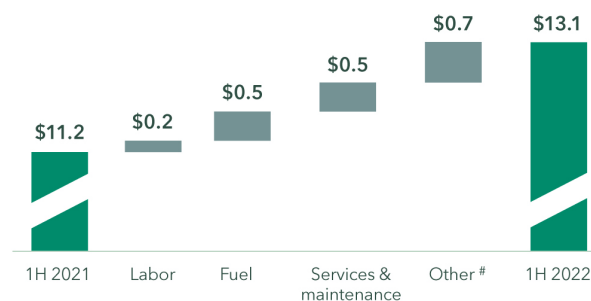


Production at Huntly and Willowdale decreased as a result of lower demand from the Western Australian refineries. Juruti's production also decreased due to the suspension of sales to Rusal.

The Willowdale crusher move is now complete and the main capital expenditure projects in the first half of 2022 relate to the Juruti plateau move and the expansion of Juruti's tailings dams.

AWAC's cash cost per BDT of bauxite produced increased by approximately 17% to \$13.1 per tonne, due to the negative impact of lower production, particularly at Juruti, energy costs, higher contractor prices and royalties associated with higher alumina prices. These increases were partially offset by the earlier completion of the Willowdale move and a weaker AUD dollar.

Cash cost per BDT of bauxite produced[^]



Other includes energy, supplies, PAE, royalties and other
^ AWAC operated mines

Non-AWAC Operated Mines

CBG's production increased by 0.2 million BDT to 1.9 million BDT. MRN's like-for-like quarterly production was relatively stable. However, AWAC's equity interest in MRN was agreed to be sold at the end of the first quarter of 2022. Without a second quarter contribution to AWAC's equity share of production, output dropped to 0.2 million BDT, 0.3 million BDT lower than the corresponding prior year half.

AWAC's equity accounted share of profit after tax from CBG and MRN was \$20.8 million (1H2021: \$9.7 million).

Third Party Bauxite Sales

AWAC's shipments to third party customers decreased by 1.2 million BDT to 1.4 million BDT with a discontinuation of shipments from Huntly and reduction in shipments from Juruti as a result of the Russian sanctions.

Third party revenue decreased by 37%, due to lower shipments partially offset by higher average realised bauxite price.

Refining

	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021	CHANGE		CHANGE (%)
AWAC OPERATED REFINERIES					
Shipments (million tonnes)	6.3	6.7	(0.4)	▼	(6.0)
Production (million tonnes)	6.1	6.4	(0.3)	▼	(4.7)
Average realised alumina price (\$/tonne)	398	290	108	▲	37.2
Cash cost per tonne of alumina produced	304	230	74	▲	32.2
Margin ¹ (\$/tonne)	94	60	34	▲	56.7
Platts FOB Australia – one month lag (\$/tonne)	394	290	104	▲	35.9
MA'ADEN JOINT VENTURE					
AWAC's share of production (million tonnes)	0.220	0.232	(0.012)	▼	(5.2)

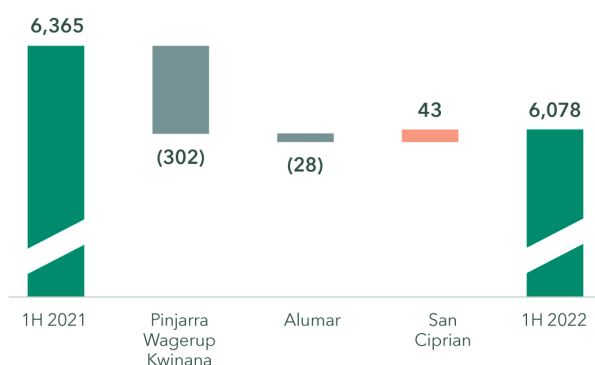
¹ Calculated as average realised price less cash cost of production.

AWAC operated refineries

Production from AWAC operated refineries was 6.1 million tonnes, down against a first half of 2021 when a production record was set for the current portfolio of assets.

Pinjarra, Kwinana, Wagerup and Alumar production contracted compared with first half production records, set in the prior year, due to operational issues, unplanned maintenance events, reduced bauxite quality and record rainfall levels in Brazil. San Ciprian production was higher due to the comparative period being affected by the effect of the industrial action in the last quarter of 2020.

Alumina production: change by refinery (kt)



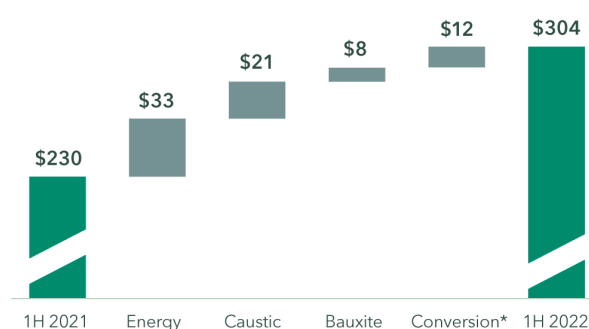
Alumina prices in the first half of 2022 increased and at one point reached over \$530/t as a result of the sanctions imposed on Russia as well as increased demand and consumer confidence. AWAC's average realised price of \$398 per tonne, up \$108 per tonne compared to the previous corresponding period, reflected an average alumina price increase of 37%.

The average cash cost per tonne of alumina increased by 32% to \$304 per tonne. The largest contributing factor to this cost increase were the increased global market prices with respect to energy and caustic. Across the industry these costs have risen and particularly were felt at the San

Ciprian refinery, where AWAC has an elevated exposure to European gas prices, and to a lesser extent Alumar, which has exposure to oil and coal prices. AWAC's Western Australian refineries continue to remain contracted for gas and have a low caustic usage that positions them competitively in a cost increase environment. The Australian Dollar and Euro acted favourably in the first half slightly offset by the effect of the stronger Brazilian Real.

In response to the higher gas prices being experienced in Europe, it has been announced that the San Ciprian refinery will curtail to 50-60% of its capacity.

Cash cost per tonne of alumina produced[^]



[^] Includes the mining business unit at cost

* Conversion includes: employee costs, indirect costs and other raw materials costs

Ma'aden Joint Venture

Ma'aden refinery production attributable to AWAC decreased by 5.2% in 1H2022 to 0.220 million tonnes of alumina, operating at 97% of nameplate capacity.

The equity accounted loss relating to the Ma'aden joint venture for AWAC was \$3.7 million during 1H2022 (1H2021: \$5.7 million equity loss). The improvement was predominantly driven by higher realised alumina prices offset by a higher cost of production.

Portland

	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021	CHANGE		CHANGE (%)
AWAC'S 55% EQUITY SHARE					
Production (thousand tonnes)	75	78	(3)	▼	(3.8)
EBITDA excluding significant items (\$ million)	59.8	36.9	22.9	▲	62.1
Realised price	3,280	2,303	977	▲	42.4
LME aluminium cash – 15-day lag (\$/tonne)	3,090	2,209	881	▲	39.9

Portland's aluminium 1H2022 production declined slightly compared to 1H2021 due to some operational issues with the smelting pots.

The improvement in EBITDA was primarily as a result of higher realised aluminium prices. This was partially offset

by an increase in cash costs year on year mainly due to the increase in alumina prices. The revenue recognition relating to Government assistance arrangements established in 2017 for Portland restart ended in 2021. Approximately \$20 million related to these arrangements was included 1H 2021 EBITDA.

AWAC Financial Review

AWAC's 1H 2022 net profit increased largely as a result of higher average realised alumina prices, partially offset by lower shipments in the Australian operations, and favourable change in the fair value of energy contracts.

The increase in income tax charge is mainly attributable to the overall higher taxable income.

AWAC PROFIT AND LOSS (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Net profit after tax	438.9	201.7
Add back: Income tax charge	246.9	90.0
Add back: Depreciation and amortisation	159.7	172.6
Add back: Net interest expense/(income)	(9.4)	0.5
EBITDA	836.1	464.8
Add back/(Less): Significant items (pre-tax)	(129.3)	(16.6)
EBITDA excluding significant items	706.8	448.2

AWAC's net profit included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Change in the fair value of Portland Energy contracts	121.0	-
Reversal of derecognised VAT credits in Brazil	53.0	-
Loss on MRN Sale ¹	(35.5)	-
Other ²	(9.2)	16.6
Total significant items (pre-tax)	129.3	16.6
Total significant items (after-tax)	120.9	10.9

¹ AWAC's interest in the MRN mine was sold to South32 during 1Q 2022.

² Other significant items include net of the Portland government facility forgiveness and the charges related to restructuring and holding costs, severance and other payments

AWAC BALANCE SHEET (US GAAP)	US\$ MILLION	
	30 JUNE 2022	31 DEC 2021
Cash and cash equivalents	417.4	443.8
Receivables	451.4	542.0
Inventories	851.4	682.5
Deferred income taxes	48.7	73.7
Property, plant & equipment	2,792.0	2,889.5
Other assets	1,845.6	1,739.2
Total Assets	6,406.5	6,370.7
Borrowings & capital lease obligations	76.1	76.0
Accounts payable	840.4	711.1
Taxes payable and deferred	344.3	320.9
Assets retirement obligations	418.0	466.8
Other liabilities	800.5	827.3
Total Liabilities	2,479.3	2,402.1
Equity	3,927.2	3,968.6

The movement in the value of assets and liabilities includes the effect of the weaker Australian dollar and Euro against the US dollar, offset by a stronger Brazilian Real, as at 30 June 2022.

Receivables declined primarily due to the lower related party receivables across AWAC locations due to timing and lower levels of shipments.

Inventory increased primarily due to higher raw material costs and timing of shipments as well as higher finished goods inventory at the Australian refineries as a result of lower shipments.

Other assets increased mainly due to changes in the fair value of derivative assets, offset by the sale of AWAC's interest in the MRN mine.

Payables increased mainly due to higher raw material and energy costs and the timing of purchases.

The reduction in asset retirement obligation is mainly attributable to payments and foreign currency fluctuations.

AWAC CASH FLOW (US GAAP)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Cash from operations	494.8	318.4
Capital contributions from partners	210.0	—
Net movement in borrowings	0.1	(0.5)
Capital expenditure	(110.3)	(93.9)
Other financing and investing activities ¹	8.7	2.4
Effects of exchange rate changes on cash and cash equivalents	(14.8)	(4.3)
Cash flow before distributions	588.5	222.1
Distributions paid to partners	(614.9)	(342.3)
Net change in cash and cash equivalents	(26.4)	(120.2)

¹ Includes of proceeds from sales of assets, and other.

Cash from operations in 1H 2022 compared to 1H 2021 increased primarily due to higher average realised alumina prices, which was partially offset by a higher cash cost of alumina production driven by higher raw material and energy prices.

Gross distributions paid to partners increased to \$614.9 million (1H 2021: \$342.3 million).

In 1H 2022, sustaining capital expenditure was \$101.0 million (1H 2021: \$90.5 million) with the most significant expenditure relating to the construction of a new residue storage area at Alumar and additional tailing ponds at Juruti as well as the commencement of the move of the mining plateau location in Juruti.

Growth capital expenditure was \$9.3 million (1H 2021: \$3.4 million).

Alumina Limited Financial Review

ALUMINA LIMITED PROFIT AND LOSS	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Share of net profit of associates accounted for using the equity method	175.7	82.4
General and administrative expenses	(6.2)	(6.9)
Net finance costs	(1.6)	(1.9)
Profit for the year after tax	167.9	73.6
Total significant items after tax	(48.3)	(4.4)
Net profit after tax excluding significant items	119.6	69.2

SIGNIFICANT ITEMS (IFRS, POST-TAX)	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Change in the fair value of Portland Energy contracts	48.4	-
Reversal of derecognised VAT credits in Brazil	17.6	-
Loss on MRN Sale	(14.2)	-
Other ¹	(3.5)	4.4
Total significant items	48.3	4.4

¹ Other significant items include net of the Portland government facility forgiveness and the charges related to restructuring and holding costs, severance and other payments

Alumina Limited recorded a net profit after tax of \$167.9 million (1H 2021: \$73.6 million).

Excluding significant items, net profit would have been \$119.6 million (1H 2021: \$69.2 million).

The increase in net profit was primarily due to increased share of net profit of associates, which in turn reflects AWAC performance for 1H 2022 compared to 1H 2021.

1H 2022 general and administrative expenses were lower compared to 1H 2021 due to the weaker Australian dollar.

The Company's finance costs in 1H 2022 are slightly lower than 1H 2021 as a result of lower debt levels.

ALUMINA LIMITED BALANCE SHEET	US\$ MILLION	
	30 JUNE 2022	31 DEC 2021
Cash and cash equivalents	19.3	9.1
Investment in associates	1,736.0	1,741.8
Other assets	3.2	3.8
Total Assets	1,758.5	1,754.7
Payables	0.4	0.3
Interest bearing liabilities	–	65.0
Provisions and other liabilities	3.6	3.8
Total Liabilities	4.0	69.1
Net Assets	1,754.5	1,685.6

The decrease in investments in associates was principally due to foreign currency balance sheet valuations as well as distributions received.

As at 30 June 2021 there was US\$20 million drawn against the syndicated facility.

Alumina Limited was in a net cash position as at 30 June 2022 (30 June 2021: \$5.7 million net debt with gearing of 0.3%).

ALUMINA LIMITED CASH FLOW	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Dividends received	227.1	121.4
Net finance costs paid	(1.5)	(1.7)
Payments to suppliers and employees	(5.5)	(6.7)
GST refund, interest received & other	0.3	0.2
Cash from operations	220.4	113.2
Receipts – capital returns from associates	18.0	15.6
Payments – investment in associates	(83.1)	–
Payment for shares acquired by the Alumina Employee Share Plan	–	(0.8)
Effects of exchange rate changes on cash and cash equivalents	1.1	–
Amount included in the final 2021 dividend	(33.8)	–
“One off” quarantine of approximate tax shield cash benefit ¹	–	(30.0)
Free cash flow available for dividends	122.6	98.0

¹ Tax shield cash benefit is an AWC's share of the net estimated amount of tax benefit in relation to the compounded interest on the primary tax amount partially offset by the payment of 50% of the primary tax amount arising from the Notices of Assessment issued by ATO in relation to the transfer pricing matter (please refer page 15 for further details). This amount is being retained by AWC until the matter is fully resolved.

Net receipts from AWAC totalled \$162.0 million (1H 2021: \$137.0 million).

The increase in distributions received from AWAC resulted primarily from higher realised alumina prices, partially offset by a higher cost of production.

Alumina Limited's dividend policy is to distribute free cash flow derived from net AWAC distributions less the Company's corporate and finance costs, whilst taking into

consideration its capital structure, any capital requirements for AWAC and market conditions.

Based on the free cash flow of \$122.6 million for the half-year period ended 30 June 2022, on 23 August 2022 Alumina Limited declared an interim dividend of 4.2 US cents per share.

Market, Outlook and Guidance

Alumina

Metallurgical alumina production outside China decreased by around 4% in the first half of 2022, reflecting the supply disruptions in Europe and Australia, while non-metallurgical alumina production increased by 5%. Alumina production was ramping up at the expansion of the Kendawangan refinery in Indonesia and at Utkal in India, but offset by reduced production at Nikolaev in Ukraine and Australian refineries in Western Australia and Queensland. The Alumina Price Index spiked in March to \$533/t, and averaged \$396/t for the half.

With on-going high energy costs in Europe, more curtailment is possible in the second half of 2022. Also, the restart of Jamalco and commencement of Bintan II are delayed. Outside China, metallurgical alumina production is expected to drop by 3% in 2022 compared to 2021.

In China, a COVID-relapse during the Chinese New Year in Guangxi province, and the Winter Olympic Games held in Beijing around the same time, caused production disruptions across the country and temporarily boosted Chinese alumina prices. A surge in input costs, including bauxite and caustic soda, has seen average Chinese alumina production costs increasing by 9% from January to \$394 per tonne (including VAT) by the end of the first half. The average alumina price increased accordingly, from RMB 2,800 per tonne at the beginning of the year to end the half at close to RMB 2,960 per tonne.

Alumina production in China recovered in the second quarter. Restarts, as well as new capacity rollouts across the country, has seen production for the first half of 2022 on par with the previous half, at 38 million tonnes. At the end of June, around 86% of China's total installed refining capacity was operating. As Chinese producers are able to curtail and restart relatively quickly, cheaply and efficiently compared with the rest of the world in response to changed market conditions, it is the operating capacity, rather than the installed capacity, which is important to supply/demand and prices in China. Since Australia banned alumina exports to Russia in March, China has started exporting high-cost alumina to Russia and became a net exporter in Q2, for the first time since 2018. Alumina imports in the first 6 months totalled 0.89 million tonnes, a 37% drop year on year, given the higher alumina prices outside of China, as well as ongoing high Handysize freight rates. China exported 0.57 million tonnes of alumina during the first half.

Around 11 million tonnes per annum of new Chinese alumina capacity is expected in 2022. However, China is expected to only produce alumina to meet its internal demand and export demand to Russia. China's metallurgical alumina production in 2022 is forecast to increase by 6% from 2021 to 76.9 million tonnes, resulting in a small supply-demand deficit after exports.

Several new coastal alumina projects in China have either been delayed or cancelled, due to growing environmental requirements, particularly around red mud storage challenges. China is expected in the medium term to

produce sufficient alumina to meet its internal demand, while importing alumina from outside China when the arbitrage window is open.

Global refining business costs averaged \$335 per tonne in the first half of 2022, compared with \$261 per tonne in the second half of 2021. The increase was largely due to higher fuel (up 13% globally) and caustic soda costs (up 64% globally).

Uncertainties remain in the second half of 2022 for global alumina production. In July, two European alumina refineries, Alro in Romania and San Ciprian in Spain announced curtailment plans citing on-going high energy prices in Europe. Similar supply disruptions are possible elsewhere in Europe in the remainder of the year.

In the medium term, as China approaches its 45 million tonnes per annum primary aluminium production cap, substantial growth in primary aluminium production outside China is expected to meet the growing demand for aluminium. In turn, around 8 to 12 million tonnes of additional alumina supplies are needed by 2027.

However, constraints such as the ability to secure low-cost, good-quality bauxite, high capital costs, and particularly the availability of low-cost, reliable green energy, are limiting the number of committed alumina growth projects outside China. So far, only 3 million tonnes of additional alumina production outside China is committed in the next 5 years.

Aluminium

Global aluminium demand is forecast to grow by 1.1% in 2022, driven by growth in the transportation, electrical and packaging sectors. In the longer term, aluminium demand is expected to increase further in a decarbonising world, largely due to its lightweight properties and infinite recyclability.

Primary aluminium production outside China in the first half of 2022 totalled 14 million tonnes, slightly down (2%) on production in the second half of 2021, largely due to curtailment in Europe due to high energy costs. Primary production is expected to ramp up in the second half as expansions and announced restarts come on line. Production outside China in 2022 is expected to be similar to 2021 levels, at around 29 million tonnes.

In March 2022, the LME aluminium price reached a record high since the GFC of \$3,878/t based on supply tightness, strong demand and particularly as the market feared a shortage of metal after the Russia-Ukraine conflict commenced. Premiums were high in the first half too. LME prices have since dropped to around \$2,400/t by the end of the half, affected by retracting demand, less government stimulus, a strong USD, and higher Chinese semi exports. Low carbon aluminium premiums are developing, at this stage mainly for value-added-products under term contracts for aluminium with no more than 4kg of CO₂ per kg of aluminium.

Chinese primary aluminium production increased by 2% compared with the previous half, to 19.7 million tonnes. Primary aluminium producers are facing less pressure on emission and energy consumption, and new capacity is being put in to hydro-power rich Yunnan province.

The Russia-Ukraine conflict in March drove up Chinese market sentiment as well. SHFE aluminium price reached RMB 24,020 per tonne in March. For similar reasons to outside China, prices retreated to RMB 19,060 per tonne by the end of the half.

At the end of June, China's primary aluminium capacity was estimated to be 44 million tonnes per annum, with a utilisation rate of 93%. New primary capacity rollout is forecast to accelerate in the second half, mostly through hydro-based capacity in Yunnan province. A total of 2.6 million tonnes per annum of new capacity is expected in 2022.

China's primary aluminium production is forecast to be 40.4 million tonnes in 2022, 4% higher than in 2021.

Bauxite

Elevated ocean freight rates continue to underpin sea-borne bauxite prices. Coupled with increasing demand for imported bauxite, the weighted average bauxite price landed in China increased from \$50.30 per tonne in the second half of 2021 to \$57.80 per tonne in June 2022, putting cost pressure on Chinese alumina producers using imported bauxite.

China imported 65 million tonnes of bauxite in the first six months of 2022, 18% more than the same period in 2021, as more alumina refining capacity start using imported bauxite. 56% of the imports was from Guinea, 25% from Australia and 18% from Indonesia.

During the first half of 2022, Indonesia announced the possibility of bringing forward its ban on bauxite exports from 2023 to 2022, although no date was specified. Market concerns are likely to put further upward pressure on bauxite prices.

Despite Guinea and Australia going into their wet seasons and uncertainties around Indonesian supply, bauxite imports into China are expected to remain at high levels in the second half of 2022, with full year imports forecast to be 120 million tonnes.

In the medium to longer term, China's demand for imported bauxite is expected to grow steadily, as domestic bauxite depletes, both in volume and quality. By the end of the first half of 2022, 62% of China's alumina production was based on imported bauxite. Guinea is expected to continue being the main bauxite supplier to China, followed by Australia and some emerging bauxite exporting regions. A few bauxite beneficiation technologies have been trialled in China in recent years but have been found so far to be technically unviable, uneconomic or limited to small scale. If there is a breakthrough in this area, it could reverse the expected growth in imported bauxite.

AWAC Guidance

The following 2022 guidance is provided to assist the understanding of the sensitivity of AWAC results to key external factors. The guidance cannot be expected to be predictive of exact results; rather it provides direction and approximate quantum of the impact on AWAC results. Sensitivity of each element of the guidance has been considered in isolation and no correlation with movements in other elements within the guidance has been made.

ITEM	2022 GUIDANCE
Production – alumina	Approximately 12.1-12.2 million tonnes
Production – aluminium	Approximately 160,000 tonnes
Third party bauxite shipments	Approximately 3.0 million BD tonnes
SGA shipments expected to be based on alumina price indices or spot	Approximately 96% for the year
AWAC sustaining capital expenditure	Approximately \$275 million
AWAC growth capital expenditure	Approximately \$30 million
AWAC after tax restructuring ¹	
Charges (IFRS)	Approximately \$25 million
Cash Flows	Approximately \$70 million

¹ Ongoing costs will be recognised in future financial years relating to the curtailments and closures.

SENSITIVITY	2022 GUIDANCE
Alumina Price Index ¹ : +\$10/t	Approximately +\$110 million EBITDA
Australian \$: + 1¢ AUD/USD	Approximately -\$23 million EBITDA
Brazilian R\$: + 10 ¢ USD/BRL	Approximately +\$5-6 million EBITDA
Caustic price ² : +\$10/dry metric tonne	Approximately -\$10 million EBITDA
Brent: +\$1/barrel	Approximately -\$2 million EBITDA

¹ Excludes equity accounted income/losses for the Ma'aden joint venture.

² Caustic inventory flow is 5-6 month.

Extract from AWAC's Unaudited Combined Financial Statements

Note Regarding Non-IFRS Financial Information

AWAC financial information has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

AWAC Profit & Loss

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Sales	2,216.6	1,698.9
Sales to related parties	865.1	677.4
Total revenue	3,081.7	2,376.3
Cost of goods sold	2,426.6	1,869.4
Selling, general administrative, and research and development expenses	27.4	36.4
Provision for depreciation, depletion and amortisation	159.7	172.6
Restructuring charges and other (income)/expenses	(217.8)	6.2
Total expenses	2,395.9	2,084.6
Net profit before income taxes	685.8	291.7
Provision for taxes on income	(246.9)	(90.0)
Net profit after taxes	438.9	201.7

AWAC Members' Equity

	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Opening balance at start of period	3,968.6	4,114.4
Net profit	438.9	201.7
Capital contribution	210.0	—
Dividends paid and return of capital to partners	(614.9)	(342.3)
Common stock issued for compensation plans	1.6	1.2
Other comprehensive income/(loss)	(77.0)	(15.3)
Closing balance at end of period	3,927.2	3,959.7

AWAC Balance Sheet

	US\$ MILLION	
	30 JUNE 2022	31 DECEMBER 2021
Current assets		
Cash and cash equivalents	417.4	443.8
Receivables	451.4	542.0
Inventories	851.4	682.5
Prepaid expenses and other current assets	297.2	144.7
Total current assets	2,017.4	1,813.0
Non-current assets		
Property, plant and equipment	2,792.0	2,889.5
Investments	422.4	466.9
Deferred income taxes	48.7	73.7
Other non-current assets	1,126.0	1,127.6
Total non-current assets	4,389.1	4,557.7
Total assets	6,406.5	6,370.7
Current liabilities		
Short term borrowings	75.2	75.1
Accounts payable	840.4	711.1
Taxes payable	164.7	152.6
Accrued compensation and retirement costs	171.6	194.9
Other current liabilities	185.1	167.0
Total current liabilities	1,437.0	1,300.7
Non-current liabilities		
Capital lease obligations and long-term debt	0.9	0.9
Deferred income taxes	179.6	168.3
Accrued pension and other postretirement benefits	82.6	84.0
Assets retirement obligations	418.0	466.8
Other long-term liabilities and deferred credits	361.2	381.4
Total non-current liabilities	1,042.3	1,101.4
Total liabilities	2,479.3	2,402.1
Net assets	3,927.2	3,968.6
Equity		
Members' equity	6,585.5	6,549.9
Accumulated other comprehensive loss	(2,658.3)	(2,581.3)
Total members' equity	3,927.2	3,968.6

AWAC Statement of Cash Flows

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
Cash flows from operating activities		
Net profit	438.9	201.7
<i>Adjustments to reconcile net income to cash from operations</i>		
Depreciation, depletion and amortisation	159.7	172.6
Other items ¹	(103.8)	(55.9)
Net cash inflow from operating activities	494.8	318.4
Cash flows from financing activities		
Dividends paid and return of capital to partners	(614.9)	(342.3)
Net change in debt	0.1	(0.5)
Capital contributions	210.0	—
Net cash inflow/(outflow) from financing activities	(404.8)	(342.8)
Cash flows from investing activities		
Capital expenditures	(110.3)	(93.9)
Other items	8.7	2.4
Net cash inflow/(outflow) from investing activities	(101.6)	(91.5)
Effect of exchange rate changes on cash and cash equivalents	(14.8)	(4.3)
Cash generated/(used)	(26.4)	(120.2)
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	443.8	440.2
Cash and cash equivalents at the end of the period	417.4	320.0
Net change in cash and cash equivalents	(26.4)	(120.2)

¹Other items consists of net movement in working capital and other non-current assets and liabilities.

Reconciliation of AWAC's US GAAP Profit to IFRS

Reconciliation of AWAC's US GAAP Profit to IFRS

	US\$ MILLION	
	HALF-YEAR ENDED 30 JUNE 2022	HALF-YEAR ENDED 30 JUNE 2021
AWAC profit before tax (US GAAP)	685.8	291.7
<i>Adjustments made to align with IFRS</i>		
Asset Retirement Obligations and Defined Benefit Plan	(3.9)	(1.9)
Restructuring related charges	7.1	3.4
Other	(1.1)	4.5
AWAC profit before tax (IFRS)	687.9	297.7
AWAC provision for taxes on income (USGAAP)	(246.9)	(90.0)
Adjustments made to align with IFRS	0.2	—
AWAC provision for taxes on income (IFRS)	(246.7)	(90.0)
AWAC profit before tax (IFRS)	687.9	297.7
AWAC provision for taxes on income (IFRS)	(246.7)	(90.0)
AWAC profit after tax (IFRS)	441.2	207.7