ASX Announcement *29 May 2023*

Chairman's and CEO's Speeches – 2023 AGM

Attached is a copy of the Chairman and Chief Executive Officer's speeches delivered at the 2023 Annual General Meeting of the Company held today.

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

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Good afternoon ladies and gentlemen.

I am Peter Day, an independent non-executive Director and Chair of Alumina Limited.

As the Chair of Alumina Limited, and of this meeting, it is my pleasure to welcome you to the 53rd Annual General Meeting of the Company.

Acknowledgement of Country

I would like to acknowledge the traditional owners of the land on which we stand, and pay my respects to their Elders, past, present and emerging.

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, attendees are to follow the directions of the venue staff and the meeting will be adjourned.
The Emergency Assembly Area is the Old Melbourne Gaol unless otherwise broadcast over the public address system.

I welcome shareholders who have joined the meeting in person and who are listening on the webcast.

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

Seated in the front row we have:

Shirley In't Veld, an independent non-executive Director and the Chair of the Compensation Committee.

Deborah O'Toole, an independent non-executive Director and Chair of the Audit and Risk Management Committee.

John Bevan, an independent non-executive Director and Chair of the Nomination Committee.

and Chen Zeng, a non-executive Director.

On my far right is Mike Ferraro, our Chief Executive Officer.

On my immediate right is Nick Wallace-Smith, Alumina's Assistant Company Secretary.

The Company’s Chief Financial Officer, Galina Kraeva is seated in the front row.

The Company's auditor, Price Waterhouse-Coopers, is represented by Ms Amanda Campbell who is also present.

Ms Campbell 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, including and based on any proxies that were submitted before the meeting.

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

We have received proxies representing approximately 2.3 billion shares or 80 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 first item by making some remarks.

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

Then I will open the meeting for questions on this first item before dealing with each of the remaining agenda items in turn.

Results

Now let's turn our attention to the 2022 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 104 million dollars for 2022. The decline in profit from the previous year was reflective of the turbulent commodity markets during 2022, not just volatile energy prices, but also prices of major consumables such as caustic.

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

Dividends and Capital Management

In 2022, the total fully franked dividend for the year was 4.2 US cents per share, paid from the first half's results. There was no second half final dividend. The total dividend for the 2022 year was lower than for 2021 reflecting the decline in the AWAC joint venture's profit.

The average dividend yield to Alumina's shareholders (before any benefit of franking) over the last five years has nevertheless been 6.5 percent per annum.

In the first half of 2023 so far, net cash flow from operations will not result in a first half dividend to shareholders.

Our net debt level at the end of 2022 was 106 million dollars, with the Company having debt facilities of US$350 million. The Company's net debt had increased to $180 million as at 30 April 2023 as capital contributions to AWAC have been funded by drawing down on debt facilities.

Alumina Limited's Strategy

Alumina's strategy is to invest in bauxite mining and alumina refining operations through AWAC. Our alumina refineries benefit from competitive scale and technology, proximity of long-life bauxite reserves and favourable energy and emissions positions.

Value Adding to Resources

In its most simple sense, AWAC's operations in Western Australia utilise gas and other raw materials in the process to convert bauxite into a much higher value-added product in alumina, the basic feedstock to smelt aluminium metal.

Alcoa of Australia (the AWAC joint venture business in Western Australia) is one of the great value adding businesses in WA, having built some of the most competitive alumina refining assets in the world and operated them over many decades.

At the foundation of its competitiveness is the strategic, reliable long term gas resource located in and around WA. Gas has become highly strategic in times of changing energy markets and the needs of a lower carbon world. In this context, maintenance of a reliable and cost competitive natural gas supply to South West WA, which has been critical to Alcoa of Australia's success, is essential for not only Alcoa of Australia but the broader WA industrial community.

Alcoa of Australia is also uniquely placed in having plentiful long-life bauxite resources in the Darling Ranges. Our joint venture's Australian refineries combine its competitive energy position with close geographical proximity to bauxite resources.

This unique combination has delivered enormous value for shareholders, employees and the community over a 60-year period. Alcoa of Australia has a consistent record of economic contribution and has, for example, over the last 5 years paid more than A$2.8 billion dollars in taxes and royalties and A$3.5 billion dollars in wages and benefits to employees. Alcoa of Australia and the Alcoa Foundation has also made over A$20 million in community contributions over that period.

Australia and Global Energy Transition

The country is now taking steps that will challenge many of its established industries, including alumina and aluminium, that are dependent on coal or gas. Many of these industries are products of previous State and Commonwealth policies that favoured adding value to Australia's resources so that jobs and wealth could be created here, diversifying our economic activity from exporting raw commodities only.

The steps we, as a nation, are taking will see industry in this country beginning to transition off fossil fuels. This will result in a very significant increase in demand for electricity from renewables.

The first challenge is to install the required increase in renewable energy capacity and supporting storage and transmission capacity. Australia has world leading solar and wind generation values and potential to generate other renewable energy sources such as green hydrogen, but this will be an enormous undertaking.

The renewable generation inputs required for AWAC's anticipated non-carbon-based technologies to reduce emissions have not yet been built.

The firming requirement of this electricity gives rise to the second challenge in the transition to renewables. In the transition to renewables, having power that is available 24/7 is a particular challenge, which will require consideration of electricity storage solutions within the network.

Solar and wind generated electricity must be supported by significant storage capability and back up capacity. A transition to renewables ambition, without certainty on storage and back-up solutions, has real potential to threaten the future of Australia's best in class value adding industries. Industries such as alumina refining and aluminium smelting require power and heat available 24/7 – that means renewable generated electricity must have adequate infrastructure which firms that electricity, and can deliver heat to process.

Transition plans in Australia are currently not addressing the issue of back up capacity adequately, given battery technologies do not currently provide a viable long duration

back-up solution. For example, the largest battery currently in Australia could power half of the Portland smelter for a maximum of an hour.

Gas peaking, which involves gas fired electricity plants which can be quickly brought on, appears to be one of the solutions to properly support the transition. Gas peaking can provide the back-up firming capacity during this energy transition. Greater government and business effort is needed to ensure gas can properly provide the necessary back-up capacity.

Aside from its role in backing up renewable energy, the role of gas in Australia's energy transition warrants greater acknowledgement.

Actions to reduce carbon emissions that threaten Australia's value adding industries, which are already in the world's lowest emissions quartile, are counterproductive, and risk carbon leakage occurring in our global industry. Our concern is that the plans for Australia's energy transition threaten to create immense uncertainty on the availability and cost of future energy supply.

While my remarks today have mainly focused on the transition to cleaner energy, AWAC also faces quite challenging energy and technology hurdles in achieving its net zero ambition. Our joint venture operator Alcoa has set itself high ambitions to achieve technological breakthroughs such as Mechanical Vapor Recompression, Electric Calcination, (which are both aimed at the alumina refining stage) and Inert Anode installation (which is aimed at the smelting stage). These are monumental change processes that will require significant investment and patience. You, our shareholders, will also need to have confidence in this program and support this transition over a long period.

Conclusion

In conclusion, your Company was impacted in 2022 by changes in commodity and energy markets and a decline in alumina production. The AWAC business is undergoing a period of consolidation as it works to increase operating stability and address regulatory requirements and higher costs. At the same time, the alumina market remains fundamentally attractive. Your Board and management are committed to working with Alcoa so that AWAC addresses its current challenges and generates long term value from the AWAC business.

With those remarks I'll pass over to Mike.

Mike Ferraro – 2023

Thank you Peter.

Overview of 2022

2022 was a year of contrasting halves with buoyant alumina prices producing a strong first half profit. A decline in alumina prices later in 2022 coupled with higher costs led to a flat second half result.

Our net profit of 104 million dollars in 2022 was a 45% decrease over the previous year. The average alumina price for the year increased by 10% to 362 dollars per tonne. However, the cost of alumina production rose by 29%. As a result, refining margins were $67 per tonne, compared to $85 in 2021.

Higher production costs were driven by higher raw material and energy prices, particularly in Europe. The Western Australian operations were also affected by unplanned outages, higher maintenance costs and lower bauxite ore grades.

AWAC's alumina production of 11.8 million tonnes in 2022 was 800,000 tonnes less than the prior year. This was due to the factors affecting WA operations and a decision to reduce production at the San Ciprian refinery. In addition to reducing operating capacity, the partners are pursuing options to improve the viability of the San Ciprian operations.

There has been a number of disruptions to gas supply in Western Australia in 2023. This has caused the Kwinana refinery to curtail one digestor since early January, and it remains curtailed. Disruptions at the Portland smelter and a section of conveyor collapsing at the Alumar refinery in Brazil have also impacted production.

WA Bauxite

Two sustainability issues particularly important to AWAC are decarbonisation and biodiversity. Peter has talked about decarbonisation and the Company's plans. On biodiversity AWAC is fully committed to taking action to successfully and responsibly meet the challenges that arise. In particular, I want to talk about Alcoa of Australia and its environmental and biodiversity actions on bauxite mining in the Darling Ranges in WA.

Alcoa of Australia has a 60-year history of mining bauxite in the south-west of WA. It has understood the importance of biodiversity, environmental protection and rehabilitation throughout its 60 years of operations. Alcoa of Australia's track record of rehabilitation excellence has been recognised through a number of environmental awards. They include the Golden Gecko Award and recognition from the United Nations for rehabilitation excellence and being placed on the Global 500 Roll of Honour.

Mine rehabilitation is planned in the early stages of mine development, with the objective of restoring a diverse and self-sustaining Jarrah forest. Alcoa of Australia has achieved world leading results in achieving self-sustaining Jarrah forests where it once mined. Over the last 20 years, it has achieved a net return of 92% of flora species to restored areas compared to the original reference forest. Mine rehabilitation is a critical part of broader measures to avoid, minimise, restore and offset impacts on biodiversity.

In 2021, it also planted 570,000 native jarrah forest plants at the Huntly and Willowdale mines. I will pause for a moment for video footage which illustrates the successful rehabilitation of the Jarrah Forest over a 25 year period.

To date, more than 75 percent of the areas cleared for mining have been rehabilitated and are at various stages of development. However, the raw percentage number does not readily provide the full picture.

Given the progressive nature of bauxite mining, rehabilitation rates can vary each year depending on the infrastructure – like roads, conveyers and crushers – required to service existing and future mining areas.

Due to the lead times for building infrastructure in areas prior to a mine move, a temporary higher rate of clearing compared to rehabilitation is required for several years while mining continues in the current region. Mine region changes have occurred twice in the past 11 years.

This and other factors can cause the proportion of areas rehabilitated to be less than the areas cleared. Over the past five years on average about 570 hectares has been restored annually in Australia. Alcoa of Australia has developed a plan to sustainably increase rehabilitation rates to progressively reduce the disturbance footprint.

Consistent with a growing focus on biodiversity and environmental health, regulators are requesting and expecting greater assurance from mining operators on environmental impacts. Alcoa of Australia has been working cooperatively with regulators in WA, , producing new data and proposing engineering plans as part of these new approval processes.

Some of this work relates to mining in areas proximate to the Serpentine Dam. Alcoa of Australia has mined in the south west of WA for over 60 years without having had any negative impact on public water supply.

This work takes time and has extended the approvals process for mining in WA. The work being undertaken with Government is well advanced but is not yet complete.

We have previously advised that Alcoa of Australia has reduced the bauxite grade from Quarter 1 2023 to extend the bauxite ore supply available under existing mining approvals and provide more time to work through the next set of approvals.

Market Fundamentals

Turning to market conditions, the alumina market is one of the key elements of the Company's strategy as discussed by Peter. Let me explain why we believe the global alumina market and the way it functions works favourably for the Company.

The alumina market reflects finely balanced fundamentals where supply and demand changes are efficiently reflected in spot prices.

The alumina supply and demand balance and the near-term outlook can quickly tighten and result in shortages and price spikes. This can be due to disruptive events such as refinery outages and regulatory interventions, or changes in energy and economic policies. There have been frequent disruptive events from a variety of causes resulting in periods of exceptional prices over the last 5 years.

In most of these disruptive phases, AWAC has realised very positive earnings reflected in higher dividends to shareholders.
To illustrate, the alumina market in 2022 was heavily influenced by the Ukraine/Russia conflict. Alumina prices rose sharply in the first quarter following the conflict and other alumina production disruptions globally.

Alumina prices did later fall, impacted by sanctions imposed on exporting Australian alumina to Russia.

The alumina market has been more stable in 2023. This has been supporting average alumina prices for the year of approximately $355. The supply and demand outlook for the remainder of 2023 for the alumina market remains positive but we are still cautious and somewhat dependent on global economic activity and end use demand for aluminium.

Carbon Safeguard Mechanism

We do welcome legislation that encourages industry to decarbonise such as the Australian Government's Safeguard Legislation.

However, and this adds to the comments Peter made in his address to shareholders, it needs to acknowledge the timeline for development of technology solutions and availability of sufficient, suitable and cost-effective renewable energy resources.

Alumina refineries and aluminium smelters are complex industrial manufacturing activities which cannot switch quickly to renewable energy. The technology is not yet fully proven or developed and it will take a lengthy period with much investment to prove it up.

It is important to recognise that facilities such as AWAC's WA refineries are already global leaders in terms of emissions intensity. It is harder for the top performers to do better without changes in technology, which takes sufficient investment and time to develop and implement effectively. The top performers should not be disadvantaged under Australian legislation for being the lowest carbon emitters in the world already.

AWAC is investing in research and development for new technologies. If R&D progresses well, a pilot plant for mechanical vapour recompression would begin construction in 2024.

Outlook and Conclusion

Before closing I would like to turn to the outlook.

In the year to date, there have been declines in AWAC's materials and input costs in 2023. However, lower bauxite grades in WA for the remainder of the year and high operating costs will negatively impact margins.

We nevertheless have confidence in the market outlook beyond 2023. There are limited new refinery expansions committed outside China to meet expected growth in aluminium demand in the next 2 years. This should benefit the supply and demand balance for the market beyond 2023, which is an important factor underpinning confidence in our industry.

In the longer term, we expect aluminium to play a key role in global decarbonisation efforts. We believe that the global energy transition and de-carbonisation should increase the demand for aluminium.

Thank you for listening and being here today.