ALUMINA LIMITED

Scheme Booklet

For a scheme of arrangement in relation to the proposed acquisition of Alumina Limited (ACN 004 820 419) by AAC Investments Australia 2 Pty Ltd (ACN 675 585 850), a wholly owned indirect subsidiary of Alcoa Corporation.

VOTE IN FAVOUR

The Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer recommend that you **vote in favour** of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Alumina Shareholders.[1]

This is an important document and requires your immediate attention. You should read it carefully and in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial, tax or other professional adviser. If you have recently sold all your Alumina Shares, please ignore this Scheme Booklet. Alumina has established an Alumina Shareholder Information Line which you should call if you have any questions in relation to the Scheme.

Financial advisers

FLAGSTAFF

BofA SECURITIES

Legal adviser

KING&WOOD MALLESONS 金杜律师事务所

1. The Non-Independent Non-Executive Alumina Director abstains from making a recommendation.

Important notices

General

Alumina Shareholders should read this Scheme Booklet in its entirety before making a decision as to how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

Purpose of Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved) and to provide such information as is prescribed by law or otherwise may be material to the decision of Alumina Shareholders whether or not to approve the Scheme.

This Scheme Booklet includes the explanatory statement required to be sent to Alumina Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

This Scheme Booklet does not constitute or contain an offer to Alumina Shareholders, or a solicitation of an offer from Alumina Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1) of the Corporations Act. Instead, Alumina Shareholders asked to vote on an arrangement at such a meeting, being the Scheme Meeting, must be provided with an explanatory statement as referred to above.

Responsibility for information

The information contained in this Scheme Booklet, other than Alcoa Information, the Independent Experts' Report (or references to the Independent Expert's analysis of conclusions), Independent Limited Assurance Report and any other report or opinion prepared by an external adviser of Alumina, has been prepared by Alumina and is the responsibility of Alumina. Neither Alcoa nor Alcoa Bidder, nor any of their directors, officers, employees or advisers and none of Alumina's advisers assume any responsibility for the accuracy or completeness of the Alumina Information.

The Alcoa Information has been provided by Alcoa and is the responsibility of Alcoa. None of Alumina, its directors, officers, employees or advisers, and none of Alcoa's advisers assume any responsibility for the accuracy or completeness of the Alcoa Information.

The Independent Expert has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure A and takes responsibility for that report. None of Alumina, Alcoa and their respective directors, officers, employees and advisers (which, to avoid doubt, excludes the Independent Expert) assume any responsibility for the accuracy or completeness of the Independent Expert's Report, except in the case of Alumina and Alcoa, in relation to the information which it has respectively provided to the Independent Expert for the purposes of preparing the Independent Expert's Report.

The Investigating Accountant has prepared the Independent Limited Assurance Report in relation to the Scheme contained in Annexure B and takes responsibility for that report. None of Alumina, Alcoa and their respective directors, officers, employees and advisers (which, to avoid doubt, excludes the Investigating Accountant) assume any responsibility for the accuracy or completeness of the Independent Limited Assurance Report.

No person consenting to be named in this Scheme Booklet has withdrawn their consent to be named before the date of this Scheme Booklet.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC under section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing. Neither ASIC nor its officers take any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor its officers take any responsibility for the contents of this Scheme Booklet.

Important notice associated with the Court order under subsection 411(1) of the Corporations Act

The Court is not responsible for the contents of this Scheme Booklet and, in ordering that the Scheme Meeting be held, the Court does not in any way indicate that the Court has approved or will approve the terms of the Scheme. An order of the Court under section 411(1) of the Corporations Act does not mean that the Court: (a) has formed any view as to the merits of the proposed Scheme or as to how members should vote (on this matter members must reach their own decision); (b) has or will approve the terms of the Scheme; (c) has prepared, or is responsible for the content of, this Scheme Booklet; or (d) otherwise endorses, or provides any other expression of opinion on, the Scheme.

Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements.

The forward-looking statements reflect the views of Alumina or, in relation to the Alcoa Information, Alcoa, held only as at the date of this Scheme Booklet concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipated", "intending", "foreseeing", "likely", "should", "planned", "may", "estimated", "potential", or other similar words and phrases. Similarly, statements that describe Alumina's and Alcoa's objectives, plans, goals or expectations are or may be forward-looking statements.

The statements in this Scheme Booklet about the impact that the Scheme may have on the results or operations of Alumina, Alcoa, and/or the Combined Group, and the advantages and disadvantages anticipated to result from the Scheme, are also forward-looking statements.

Although Alumina believes that the views reflected in any forward-looking statements contained in the Alumina Information in this Scheme Booklet have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

Although Alcoa believes that the views reflected in any forward-looking statements contained in the Alcoa Information in this Scheme Booklet have been made on a reasonable basis, no assurance can be given that such views will prove to have been correct.

These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause either Alumina's, Alcoa's or the Combined Group's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. In addition, factors related to the Scheme that contribute to the uncertain nature of the forward-looking statements include, but are not limited to: expected timing to complete the Scheme; filings and approvals relating to the Scheme; the ability to complete the Scheme considering the various conditions precedent, including shareholder approvals; and the possibility that a Regulatory Authority may prohibit, delay or refuse to grant approval for the Scheme.

Deviations as to future results, performance and achievements are both normal and to be expected. Alumina Shareholders should note that the historical financial performance of Alumina or Alcoa is no assurance of future financial performance of Alumina or Alcoa (whether the Scheme is implemented or not). Alumina Shareholders should review carefully all of the information included in this Scheme Booklet, including the risks described in section 8.

The forward-looking statements included in this Scheme Booklet are made only as of the date of this Scheme Booklet. Neither Alumina, nor Alcoa nor their directors, officers, employees or advisers give any representation, assurance or guarantee to Alumina Shareholders that any forward-looking statements will actually occur or be achieved. Alumina Shareholders are cautioned not to place undue reliance on such forward-looking statements.

Subject to any continuing obligations under law or the ASX Listing Rules, Alumina and Alcoa do not give any undertaking to update or revise any forward-looking statements after the date of this Scheme Booklet to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any such statement is based.

Alumina, Alcoa and their respective directors, officers, employees and advisers disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward-looking statements to reflect: (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which such statement is based.

All subsequent written and oral forward-looking statements attributable to Alumina or Alcoa or any person acting on their behalf are qualified by this cautionary statement.

No investment advice

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial situation and needs of any particular Alumina Shareholders or any other person. This Scheme Booklet should not be relied upon as the sole basis for any decision in relation to the Scheme or your Alumina Shares. Before making a decision in relation to the Scheme or your Alumina Shares, including any decision to vote for or against the Scheme, you should consider whether that decision is appropriate in the light of your particular investment needs, objectives and financial circumstances. If you are in any doubt about what you should do, you should consult your independent legal, financial, tax or other professional adviser.

Foreign jurisdictions

This Scheme Booklet complies with the disclosure requirements applicable in Australia, which may be different to those in other countries.

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

This Scheme Booklet and the Scheme do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

You will not be able to receive New Alcoa CDIs if you are an Ineligible Foreign Shareholder. Any New Alcoa Shares that would have been issued in connection with the New Alcoa CDIs that you would have otherwise been entitled to will be issued to the Sale Agent and sold through the Sale Facility and your pro rata share of the Net Cash Proceeds remitted to you.

Alumina Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Further information is set out in the 'Frequently asked questions' section.

Notice to United States investors

The New Alcoa Shares (including those represented by New Alcoa CDIs) and the New Alcoa Preferred Shares to be issued in connection with the Scheme have not been and will not be registered under the Securities Act or the securities laws of any state, district or other jurisdiction of the United States. Instead, the New Alcoa Shares (including those represented by New Alcoa CDIs) and the New Alcoa Preferred Shares to be issued in connection with the Scheme will be issued in reliance on the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the fairness of the terms and conditions of the issuance and exchange of such securities to Alumina Shareholders.

United States investors should refer to sections 11.5 and 11.6(k) for further information concerning transfer restrictions disclosures and other notices.

Privacy

Alumina and the Alumina Share Registry may collect personal information in the process of implementing the Scheme. The personal information may include the names, addresses, contact details and security holdings of Alumina Shareholders and the names of persons appointed by Alumina Shareholders as proxies, attorneys or corporate representatives at the Scheme Meeting. The collection of some of this personal information is required or authorised by the Corporations Act.

The primary purpose of collecting this personal information is to assist the conduct of the Scheme Meeting and to enable implementation of the Scheme. The personal information may be disclosed to Alumina, Alcoa and their respective Related Bodies Corporate, third party service providers, including print and mail service providers, authorised securities brokers and any other service provider to the extent necessary to implement the Scheme. The personal information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, or court or tribunal order.

If the information outlined above is not collected, Alumina may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme.

Alumina Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact the Alumina Share Registry on 1300 556 050 (within Australia) or +61 3 9415 4027 (outside Australia) if they wish to exercise these rights.

Alumina Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of the matters outlined above.

The Privacy Policies of Alumina and Alumina Share Registry is available at www.aluminalimited.com and www.computershare.com, respectively and contain information about how an individual may access personal information about the individual that is held by Alumina and Alumina Share Registry, seek the correction of such information or make a privacy related complaint and how such a complaint will be dealt with.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure F.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any Alumina Shareholder may appear at the Second Court Hearing, currently expected to be held at 2.15pm (AEST) on Monday, 22 July 2024 at the Federal Court of Australia at 305 William Street, Melbourne VIC 3000, Australia.

Any Alumina Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Alumina a notice of appearance in the prescribed form together with any affidavit that the Alumina Shareholder proposes to rely on.

Alumina and Alcoa websites

The content of Alumina's and Alcoa's websites do not form part of this Scheme Booklet and Alumina Shareholders should not rely on their content.

Any references in this Scheme Booklet to a website is a textual reference for information only and no information in any website forms part of this Scheme Booklet.

Charts and diagrams

Any diagrams, charts, graphs or tables in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data included in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Effects of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet and any discrepancies between totals in tables or financial information, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Implied value

The Scheme Consideration comprises New Alcoa Shares (including in the form of New Alcoa CDIs) and New Alcoa Preferred Shares. The value of your Scheme Consideration will therefore vary based on changes in the price of Alcoa Shares and the AUD/USD exchange rate. Any reference to the implied value of the Scheme Consideration should not be taken as an indication that the implied value is fixed.

If you are an Ineligible Foreign Shareholder, this also applies to the New Alcoa Shares which will be issued to the Sale Agent to sell on your behalf. Any cash remitted to you under the Sale Facility will depend on the market price of Alcoa Shares and the AUD/USD exchange rate after the sale by the Sale Agent has been completed. See section 3.4(h) for further detail.

Financial information

Investors should be aware that financial information in this Scheme Booklet includes "non-IFRS financial information" under ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information* published by ASIC.

Alumina and Alcoa have included this non-IFRS financial information because they believe that it provides Alumina Shareholders with additional relevant information. The non-IFRS financial information does not have a standardised meaning prescribed by the Australian Accounting Standards, International Financial Reporting Standards or U.S. GAAP and therefore may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards, International Financial Reporting Standards or U.S. GAAP. You are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this Scheme Booklet.

Timetables and dates

All references to times in this Scheme Booklet are references to AEST, unless otherwise stated.

All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Regulatory Authorities, including the Regulatory Approvals.

Further information is set out in 'Important Dates' section.

Alumina Shareholder Information Line

Alumina has established an Alumina Shareholder Information Line which you should call if you have any questions or require further information in relation to the Scheme. The telephone number is 1800 990 479 (within Australia) and +61 1800 990 479 (outside Australia). The Alumina Shareholder Information Line is open between Monday and Friday (excluding public holidays in Australia) from 8.30am to 5.30pm (AEST). Alumina Shareholders should consult their legal, financial, tax or other professional adviser before making any decision regarding the Scheme.

Supplementary information

In certain circumstances, Alumina may provide additional disclosure in relation to the Scheme after the date of this Scheme Booklet. To the extent applicable, Alumina Shareholders should have regard to any such additional information in determining how to vote in relation to the Scheme.

Interpretation

Capitalised terms and certain abbreviations used in this Scheme Booklet have the meanings set out in the Glossary in section 12. The documents reproduced in the annexures to this Scheme Booklet may have their own defined terms, which are sometimes different from those in the Glossary.

Currency

Unless otherwise specified, all references to A$ or AUD and Australian cents are references to the currency of Australia.

Unless otherwise specified, all references to $, US$ or USD are references to the currency of the United States of America.

The financial amounts in this Scheme Booklet are expressed in US dollars ($, US$ or USD), unless otherwise stated. Where applicable, this Scheme Booklet discloses the assumed exchange rate used to convert US dollars into Australian dollars (A$ or AUD). The actual Australian dollar equivalent of these amounts from time to time will depend on the prevailing USD/AUD exchange rate.

Date

This Scheme Booklet is dated 11 June 2024.

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Important Dates

Time and date	Event
2.00pm on Tuesday, 16 July 2024	**Receipt of proxy forms** Latest time and date for receipt of proxy forms, certificates of appointment of body corporate representative or powers of attorney for the Scheme Meeting by the Alumina Share Registry
7.00pm on Tuesday, 16 July 2024	**Voting record date** Time and date for determining eligibility to vote at the Scheme Meeting
2.00pm on Thursday, 18 July 2024	**Scheme Meeting** Alumina Shareholders' meeting to vote on the Scheme
If the Scheme is approved by Alumina Shareholders at the Scheme Meeting	
Monday, 22 July 2024	**Second Court Date** Court hearing for approval of the Scheme
Tuesday, 23 July 2024	**Effective Date and last day of trading of Alumina Shares** Court order lodged with ASIC and announced on ASX Scheme takes effect and is binding on Scheme Participants Suspension of Alumina Shares from trading on ASX from close of trading
Wednesday, 24 July 2024	**Alcoa CDIs listed on ASX** Alcoa Foreign Exempt Listing on ASX for the purposes of the Alcoa CDIs First day of trading in New Alcoa CDIs on ASX (on a deferred settlement basis)
7.00pm on Thursday, 25 July 2024	**Scheme Record Date** Time and date for determining entitlement to receive Scheme Consideration
Thursday, 1 August 2024	**Implementation Date** Provision of the Scheme Consideration to Scheme Participants
Thursday, 1 August 2024 (Eastern Time)	**New Alcoa Shares commence trading** First day of trading in New Alcoa Shares on NYSE (NYSE: AA)
Friday, 2 August 2024	**New Alcoa CDIs commence trading on a normal settlement basis** First day of trading in New Alcoa CDIs on ASX on a normal settlement basis (ASX: AAI)
Monday, 5 August 2024	**Holding statements and allotment advices** Holding statements and allotment advices for New Alcoa CDIs dispatched
By no later than Monday, 16 September 2024	**Ineligible Foreign Shareholders** Payment of Net Cash Proceeds to Ineligible Foreign Shareholders

All dates including and following the date of the Scheme Meeting are indicative only and subject to change, and, among other things, are subject to all necessary approvals from the Court and other Regulatory Authorities, including the Regulatory Approvals. Any changes to the above timetable will be announced through ASX and notified on www.aluminalimited.com. All references to time in this Scheme Booklet are references to Australian Eastern Standard Time (**AEST**).

Letter from the Chairman of the Alumina Board

Dear Alumina Shareholder,

On behalf of the Alumina Board, I am pleased to present you with details of the proposed transaction pursuant to which the parties to the AWAC joint venture – Alumina and Alcoa – will combine to form a leading global pure play upstream aluminium company.

On 12 March 2024, Alumina announced that it had entered into a Scheme Implementation Deed with Alcoa under which, subject to certain Conditions Precedent including Alumina Shareholder approval, 100% of Alumina Shares will be acquired by Alcoa under the Scheme.

Under the Scheme, eligible Alumina Shareholders will be entitled to receive 0.02854 New Alcoa Shares (in the form of ASX-listed New Alcoa CDIs) for each Alumina Share.[2]

On implementation of the Transaction, Alumina Shareholders will hold approximately 31.6% of the Combined Group, with existing Alcoa Stockholders holding approximately 68.4%.[3]

Alcoa has agreed to establish a Foreign Exempt Listing on ASX, which will enable Alumina Shareholders to trade Alcoa Shares in the form of New Alcoa CDIs on ASX, in the same way they would normally trade Alumina Shares. Alcoa has committed to maintain the Foreign Exempt Listing for New Alcoa CDIs for at least 10 years from the Implementation Date.

The Transaction is conditional on approval by Alumina Shareholders and the Court. In order to proceed, the Transaction must be approved at the Scheme Meeting by:

- a majority in number of Alumina Shareholders present and voting (unless the Court orders otherwise); and
- at least 75% of the total number of votes cast by Alumina Shareholders.

This Scheme Booklet (including the Independent Expert's Report in Annexure A) sets out important information in relation to the Transaction, and should be read carefully prior to making a decision on how to vote at the Scheme Meeting.

Alumina Board Recommendation

The Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer[4] recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Alumina Shareholders.[5]

Each of the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer intends to vote, or cause to be voted, all Alumina Shares which they hold or control in favour of the Scheme, subject to the same qualifications.

In its assessment of the Transaction, the Alumina Board has had regard to a range of factors, including:

- the underlying values of Alumina's and Alcoa's businesses, and their relative contribution to the underlying value of the Combined Group;
- the trading prices of Alumina Shares and Alcoa Shares prior to the announcement of the Transaction on 26 February 2024, including the implied offer premium and each company's relative contribution to the proforma market capitalisation of the Combined Group;
- the strategic and funding related benefits which are expected to flow to the Combined Group from the Transaction;
- the future risks and challenges for Alumina as a standalone entity; and
- the conclusion of the Independent Expert, Grant Samuel & Associates Pty Limited, that the Transaction is fair and reasonable and is therefore in the best interests of Alumina Shareholders, in the absence of a superior proposal. A copy of the Independent Expert Report is included in this Scheme Booklet as Annexure A.

Having regard to the above and other factors, the Alumina Board believes the Transaction is in the best interests of Alumina Shareholders, in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Transaction is in the best interests of Alumina Shareholders.

2. Ineligible Foreign Shareholders will be entitled to receive their pro rata share of the Net Cash Proceeds under the Sale Facility, instead of the Scheme Consideration. See sections 3.3 and 3.4 for an overview of specific arrangements relating to: (a) the CITIC Shareholders to enable their compliance with the US Bank Holding Act; and (b) the ADS Depositary to enable ADS Holders to receive New Alcoa Shares. **3.** Based on the shares on issue on 12 March 2024, being 2,901,681,417 for Alumina and 179,558,990 for Alcoa. On a fully diluted share basis as of 23 February 2024, including stock options, stock units, conditional and performance rights, Alumina Shareholders would own 31.25% of the Combined Group. **4.** Alumina Shareholders should note that Alumina's Managing Director and Chief Executive Officer, Mike Ferraro, will receive certain benefits in connection with the Scheme, which are described in section 11.2 of this Scheme Booklet. These benefits include the vesting of unvested ESP Entitlements and Conditional Rights valued at A$3,038,860 and A$1,398,391 respectively, based on the value of Alumina Shares at the close of trading on the Last Practicable Date. Despite this interest, Mr Ferraro considers that given the importance of the Scheme and his role as Managing Director and CEO, it is important and appropriate for him to provide a recommendation to Alumina Shareholders in relation to voting on the Scheme. Additionally, the Independent Alumina Directors also consider that it is important and appropriate for Mr Ferraro to provide a recommendation to Alumina Shareholders in relation to the Scheme given his role in the management and operations of Alumina. **5.** The Non-Independent Non-Executive Alumina Director abstains from making a recommendation.

Benefits of combining with Alcoa

The Transaction is expected to provide a number of benefits to Alumina Shareholders, including the following:

- **Unified ownership of AWAC.** The Transaction represents a logical combination which simplifies the ownership structure and aligns the interests of the two AWAC joint venture parties. If the Transaction is implemented, Alumina Shareholders will exchange their interest in a minority non-operating joint venture partner for a direct interest in the operating entity.
- **Exposure to a leading global pure play upstream aluminium company with a geographically diversified portfolio across bauxite, alumina and aluminium.** Alumina Shareholders will benefit from increased exposure to aluminium, a key product for the energy transition and decarbonisation, while maintaining significant exposure to AWAC.
- **Enhanced capital structure.** The Transaction will eliminate the capital structure inefficiencies embedded in the current joint venture structure. The Transaction will enable more efficient funding, resulting in potential financial synergies which will be shared by Alumina Shareholders as investors in the Combined Group.
- **Better platform for the future.** The Combined Group is expected to have increased financial flexibility and greater strategic optionality through access to a larger balance sheet.

In addition, the exchange ratio of 0.02854 New Alcoa Shares (in the form of New Alcoa CDIs) for each Alumina Share represents a premium of:

- 13.1% to the price of Alumina Shares on 23 February 2024, being the last trading day prior to the announcement of the Transaction on 26 February 2024, based on Alcoa's closing share price as at 23 February 2024;
- 19.5% to the average exchange ratio over the 12 months to 23 February 2024;[6] and
- 86.3% to the undisturbed closing price of Alumina Shares as at close of trade on 23 February 2024, being the last trading day prior to the announcement of the Transaction on 26 February 2024, based on Alcoa's closing share price as at the Last Practicable Date.

Further information on the reasons to vote in favour of the Scheme is set out in section 1.3.

Risks and challenges for Alumina as a standalone entity

Whilst the Alumina Board continues to believe in the strength and attractiveness of the AWAC business in the long term, Alumina faces a number of risks and challenges on a standalone basis.

In particular, higher energy costs in Spain and the bauxite quality issues experienced in Western Australia have had a considerable impact on the AWAC business in the past 18 months, leading to lower production, higher costs, and elevated capex requirements.

In turn, AWAC's free cash flow generation has been adversely affected. In 2023, Alumina and Alcoa made net capital contributions of US$396m to AWAC, compared with average annual cash distributions from AWAC of approximately US$560 million over the ten years preceding 2023. Alumina has not declared a dividend since the interim dividend for the six months to 30 June 2022.

While there have recently been some positive developments, AWAC's outlook remains challenged in the near term. The decision by the WA Government to approve AWAC's 2023-2027 mine plan for its Huntly and Willowdale bauxite mines has reduced the uncertainty concerning continued bauxite mining and alumina refining in Western Australia. However, ongoing permit and approval requirements and related conditions remain a key focus for AWAC. Recent poorer quality bauxite grades in Western Australia are expected to continue until at least 2027 and substantial capital expenditure will be incurred on the planned mine moves to access bauxite from the new regions at Myara North and Holyoake.

AWAC has also recently announced two portfolio actions: the full curtailment of the Kwinana refinery commencing in the second quarter of 2024; and the decision to initiate further actions at the partially curtailed San Ciprián refinery in Spain. The Kwinana refinery curtailment resulted in significant restructuring charges in the first quarter of 2024, and the actions at the San Ciprián refinery could entail a material restructuring charge in the near term, to deliver improved operating results in the longer term.

Reflecting these factors, AWAC's free cash flow generation is likely to continue to be constrained in the next few years, absent sustained high alumina prices.

6. Based on the daily closing prices of Alumina Shares and Alcoa Shares and the daily prevailing AUD/USD foreign exchange rate over the period.

Under the current AWAC ownership structure, Alumina is reliant on distributions from AWAC as its sole source of income and has limited balance sheet capacity for debt funding. As at 31 March 2024, Alumina had drawn US$363 million of its US$500 million bank debt facilities. The first tranche of this facility (US$100 million) matures in October 2025. In its most recent review, in April 2024, S&P Global Ratings downgraded Alumina's credit rating from BBB- to BB with negative outlook.

In contrast, the Combined Group will have a larger balance sheet with greater liquidity and will be better positioned to fund AWAC's near term restructuring initiatives and capital expenditure requirements, and to fund potential growth options in the longer term.

Other considerations

In recommending the Scheme, the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer have also considered reasons why an Alumina Shareholder may choose to vote against it, including that they may:

- not consider the Scheme to be in their individual best interests and may disagree with the recommendation of the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer and the conclusions of the Independent Expert;
- wish to maintain exposure to Alumina as a pure play alumina investor, and may consider that despite the risks relevant to Alumina's potential future operations, Alumina may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future; or
- prefer to hold shares in an Australian domiciled ASX primary listed company with the potential to pay franked dividends.

Further information on the possible reasons to vote against of the Scheme is set out in section 1.4. In addition, section 8 sets out the risks associated with implementation of the Scheme and the Combined Group, including that changes in foreign and domestic tax laws, regulations, or policies, or their interpretation and application by regulatory bodies, or exposure to additional tax liabilities, could affect the Combined Group's future profitability.

As noted in section 7.3(j), implementation of the Scheme will trigger a review event under the Alumina Facility Agreement, which may result in the lenders requiring repayment of all outstanding loans together with accrued interest and other amounts. Alcoa intends to discuss Alumina's current debt facilities with the lenders to determine the treatment of the facilities in connection with implementation of the Scheme and its role in the Combined Group's overall financing strategy.

If, following discussion with Alumina's creditors, the creditors elect to require repayment of the Alumina Facility Agreement, Alcoa can enable Alumina to repay the outstanding loans and any other accrued amounts (including interest) by accessing its existing finance facilities or liquidity.

How to vote

Your vote is important. I encourage you to vote by attending the Scheme Meeting in person or otherwise by following the voting instructions in section 4.5 of this Scheme Booklet.

The Scheme Meeting is scheduled for 2.00pm (AEST) on Thursday, 18 July 2024 in person at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia.

Further information

This Scheme Booklet sets out important information about the Transaction, including the key advantages and disadvantages of the Transaction, the Conditions Precedent, and the Independent Expert's Report. Please read this Scheme Booklet carefully and in its entirety before deciding how to vote at the Scheme Meeting.

If you require any further information, please contact the Alumina Shareholder Information Line on 1800 990 479 (within Australia) or +61 1800 990 479 (outside Australia), between 8.30am and 5.30pm (AEST), Monday to Friday (excluding public holidays).

On behalf of the Alumina Board, I would like to thank you for your ongoing support. I look forward to your participation in the Scheme Meeting and encourage you to vote in favour of the Transaction.

Yours sincerely

W Peter Day
Chairman

Alumina Limited

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SECTION

01

Matters relevant to your vote on the Scheme

1.1 ALUMINA BOARD RECOMMENDATION

The Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer[7] recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Alumina Shareholders.[8] Each of the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer intends to vote, or cause to be voted, all Alumina Shares which they hold or control in favour of the Scheme, subject to the same qualifications.

1.2 SUMMARY OF REASONS TO VOTE FOR THE SCHEME AND POSSIBLE REASONS TO VOTE AGAINST THE SCHEME

(a) Reasons to vote in favour of the Scheme

✓	The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Alumina Shareholders, in the absence of a superior proposal
✓	The Transaction unifies the ownership of the AWAC joint venture, resulting in a simpler and more efficient structure
✓	Alumina Shareholders will gain exposure to a leading global pure play aluminium company with a geographically diversified and integrated portfolio across bauxite, alumina and aluminium
✓	The Combined Group will have an enhanced capital structure
✓	The Combined Group represents a better platform for the future, with increased financial flexibility and greater strategic optionality through access to a larger balance sheet
✓	The Scheme Consideration represents a premium to the trading prices of Alumina Shares prior to the announcement of the Transaction
✓	The Alumina Share price may fall in the near term if the Transaction is not implemented and in the absence of a superior proposal for Alumina
✓	Australian resident Alumina Shareholders may be eligible for Roll-Over Relief

(b) Possible reasons to vote against the Scheme

✗	You may believe that the Scheme is not in your individual best interests and disagree with the recommendation by the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer and the conclusion of the Independent Expert
✗	You may wish to maintain your exposure to Alumina as a pure play alumina investor
✗	You may prefer to hold shares in an Australian domiciled company with the potential to pay franked dividends, over holding Alcoa CDIs
✗	The risk profile of the Combined Group differs from Alumina as a standalone entity
✗	You may take the view that the exchange ratio does not reflect the underlying value of Alumina's contribution to the Combined Group
✗	The implied value of Scheme Consideration is not fixed and will depend on the price at which Alcoa Shares trade at the Implementation Date
✗	You may consider there is a potential for a superior proposal to be made for Alumina in the foreseeable future

7. Alumina Shareholders should note that Alumina's Managing Director and Chief Executive Officer, Mike Ferraro, will receive certain benefits in connection with the Scheme, which are described in section 11.2 of this Scheme Booklet. These benefits include the vesting of unvested ESP Entitlements and Conditional Rights valued at A$3,038,860 and A$1,398,391 respectively, based on the value of Alumina Shares at the close of trading on the Last Practicable Date. Despite this interest, Mr Ferraro considers that given the importance of the Scheme and his role as Managing Director and CEO, it is important and appropriate for him to provide a recommendation to Alumina Shareholders in relation to voting on the Scheme. Additionally, the Independent Alumina Directors also consider that it is important and appropriate for Mr Ferraro to provide a recommendation to Alumina Shareholders in relation to the Scheme given his role in the management and operations of Alumina. **8.** The Non-Independent Non-Executive Alumina Director abstains from making a recommendation.

1.3 REASONS TO VOTE IN FAVOUR OF THE SCHEME

(a) The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Alumina Shareholders, in the absence of a superior proposal

The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Alumina Shareholders, in the absence of a superior proposal.

In summary, the Independent Expert has assessed the full underlying value of Alumina to be $0.82-0.98 per Alumina Share (equivalent to A$1.26-1.51, at the exchange rate of A$1 = US$0.65) compared to the value of the Scheme Consideration of $0.94-1.06 per Alumina Share (equivalent to A$1.45-1.62, at an exchange rate of A$1 = US$0.65).

The vast majority of the assessed value of the Scheme Consideration exceeds the estimate of the full underlying value of Alumina. The Scheme is therefore demonstrably fair.

As the Scheme is fair, it is also reasonable. In any event, there are a number of other factors that support reasonableness which Alumina shareholders should consider in determining whether to vote for or against the Scheme.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure A. The Alumina Board encourages you to read the Independent Expert's Report in full.

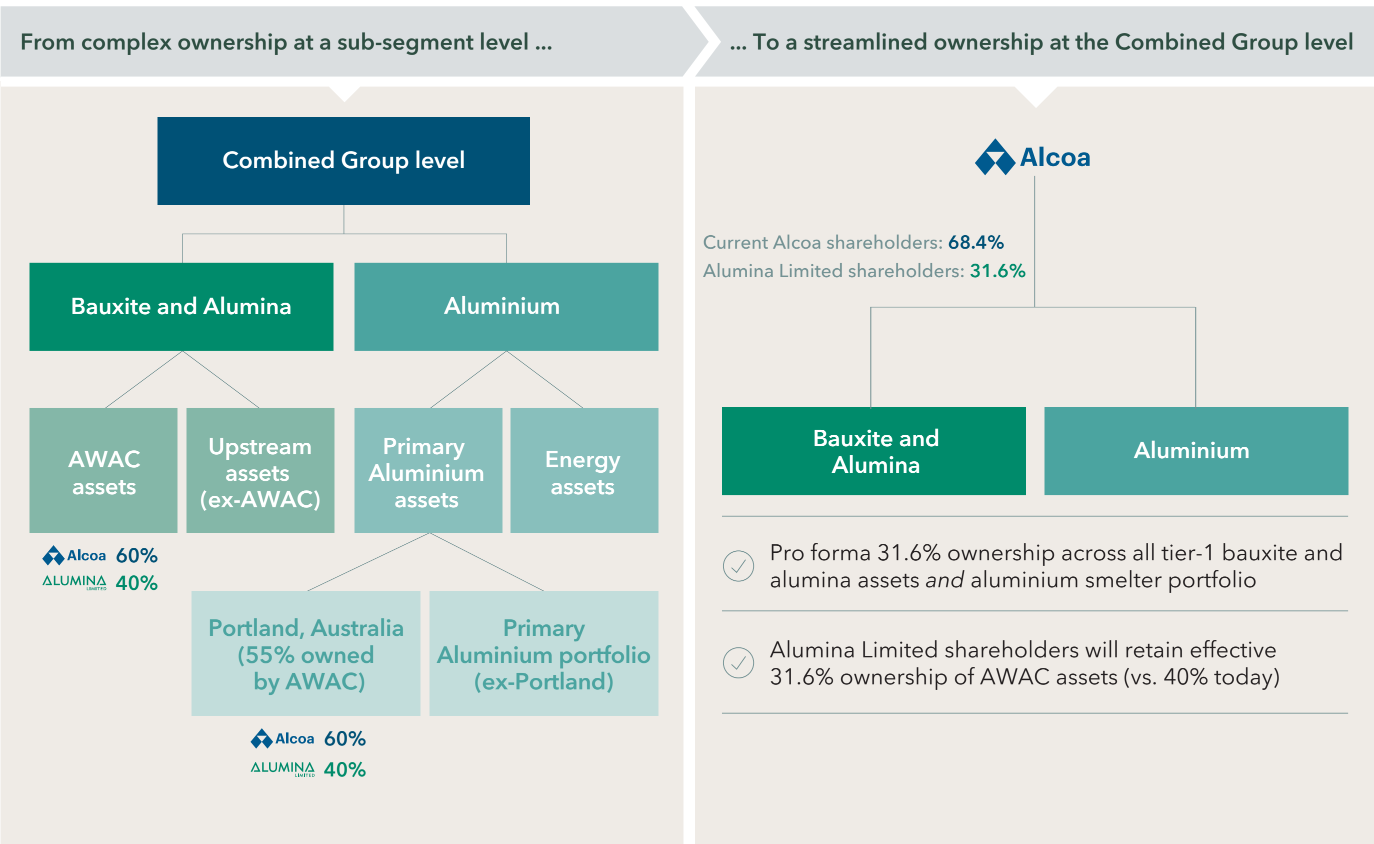
(b) The Transaction unifies the ownership of the AWAC joint venture, resulting in a simpler and more efficient structure

The Transaction represents a logical combination which simplifies the ownership structure of AWAC and aligns the interests of the two AWAC joint venture partners – Alumina and Alcoa – and their respective shareholders.

If the Transaction is implemented, Alumina Shareholders will exchange their interest in a minority non-operating joint venture partner for a direct interest in the operating entity and share in the synergies resulting from the removal of duplicate corporate costs and more streamlined decision making.

Alcoa has agreed to establish a Foreign Exempt Listing on the ASX to allow Alumina Shareholders to trade Alcoa Shares via Alcoa CDIs on the ASX, in the same way they would normally trade Alumina Shares. Alumina Shareholders will also have the flexibility to convert their holdings from Alcoa CDIs into holdings of NYSE-listed Alcoa Shares, and vice versa on an ongoing basis.

Ownership structure pre and post-Transaction[9]



9. Based on the shares on issue on 12 March 2024, being 2,901,681,417 for Alumina and 179,558,990 for Alcoa. On a fully diluted share basis as of 23 February 2024, including stock options, stock units, conditional and performance rights, Alumina Shareholders would own 31.25% of the Combined Group.

(c) Alumina Shareholders will gain exposure to a leading global pure play aluminium company with a geographically diversified and integrated portfolio across bauxite, alumina and aluminium

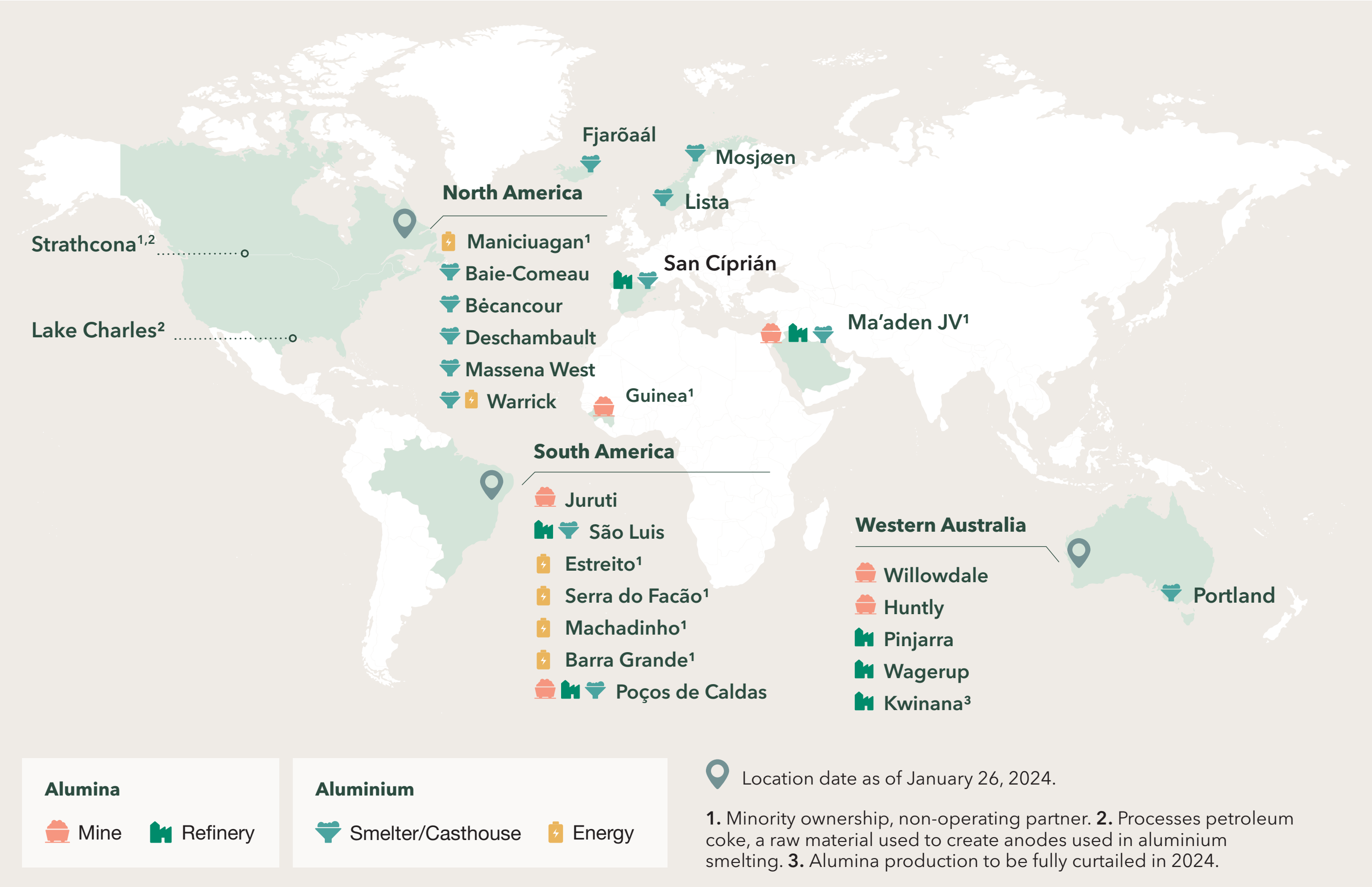
Alumina Shareholders will receive an investment in the Combined Group representing a diversified, global leading pure play, upstream aluminium company, with:

- global bauxite facilities, strategically located in proximity to Alcoa's refineries and in the 1st quartile cost curve position (2023);
- a leading alumina refinery portfolio and the largest alumina producer (ex-China) with 1st quartile emissions intensity and 1st quartile cost curve position (2023); and
- world-class aluminium production capabilities through a global smelting portfolio with 87% of production from renewable energy and 2nd quartile cost curve position (2023).

Alumina shareholders will benefit from increased exposure to aluminium, a key product for energy transition and decarbonisation, while maintaining significant exposure to AWAC.

Alcoa is currently a top five global aluminium producer (excluding China). Its global smelting portfolio is strategically located in close proximity to key markets in North America and Europe and is largely powered by renewable energy. With emission intensity less than one third the industry average and a suite of low carbon and recycled content products, it is well positioned to extract any green premium (being the additional costs paid for products that are low carbon) available in future.

Global Operations of the Combined Group as at the Last Practicable Date



1. Minority ownership, non-operating partner. **2.** Processes petroleum coke, a raw material used to create anodes used in aluminium smelting. **3.** Alumina production to be fully curtailed in 2024.

(d) The Combined Group will have an enhanced capital structure

The Transaction will eliminate the capital structure inefficiencies embedded in the current AWAC joint venture structure.

The Transaction will enable more efficient funding, resulting in potential financial synergies which will be shared by Alumina Shareholders as investors in the Combined Group.

(e) The Combined Group represents a better platform for the future, with increased financial flexibility and greater strategic optionality through access to a larger balance sheet

Due to its corporate structure and limited balance sheet capacity, Alumina faces funding constraints on a standalone basis.

The AWAC business has been adversely impacted in the past 18 months, particularly due to higher energy costs in Spain and the bauxite quality issues faced in Western Australia, leading to lower production, higher costs and elevated capex requirements.

In turn, AWAC's free cash flow generation has been adversely affected. In 2023, Alumina and Alcoa made net capital contributions of US$396m to AWAC, compared with average annual cash distributions from AWAC of approximately US$560 million over the ten years preceding 2023. Alumina has not declared a dividend since the interim dividend for the six months to 30 June 2022.

While there have recently been some positive developments, AWAC's outlook remains challenged in the near term. The decision by the WA Government to approve AWAC's latest five year mine plan for its Huntly and Willowdale bauxite mines has reduced the uncertainty concerning continued bauxite mining and alumina refining in Western Australia. However, recent poorer quality bauxite grades in Western Australia are expected to continue until at least 2027 and substantial capital expenditure will be incurred on the planned mine moves to access bauxite from the new regions at Myara North and Holyoake.

AWAC has also recently announced two portfolio actions: the full curtailment of the Kwinana refinery commencing in the second quarter of 2024 and the decision to initiate further actions at the partially curtailed San Ciprián refinery in Spain. The Kwinana refinery curtailment resulted in significant restructuring charges in the first quarter of 2024, and the actions at the San Ciprián refinery could entail a material restructuring charge in the near term, to deliver improved operating results in the longer term.

Reflecting these factors, AWAC's free cash flow generation is likely to continue to be constrained in the next few years, absent sustained high alumina prices.

Under the current AWAC ownership structure, Alumina is reliant on distributions from AWAC as its sole source of income and has limited balance sheet capacity for debt funding. As at 31 March 2024, Alumina had drawn US$363 million of its US$500 million bank debt facilities. The first tranche of this facility (US$100 million) matures in October 2025. In its most recent review, in April 2024, S&P Global Ratings downgraded Alumina's credit rating from BBB- to BB with negative outlook.

In contrast, the Combined Group will have a larger balance sheet with greater liquidity and will be better positioned to fund AWAC's near term restructuring initiatives and capital expenditure requirements, and to fund potential growth options in the longer term.

(f) The Scheme Consideration represents a premium to the trading prices of Alumina Shares prior to the announcement of the Transaction

If the Scheme becomes Effective, eligible Alumina Shareholders will be entitled to receive Scheme Consideration of 0.02854 New Alcoa CDIs for each Alumina Share.[10]

One way to assess the value to eligible Alumina Shareholders of the Scheme Consideration is to calculate the implied value of the Scheme Consideration and compare that to the undisturbed closing price of A$1.02 per Alumina Share on 23 February 2024 (being the last trading day prior to the announcement of the Transaction to ASX on 26 February 2024).

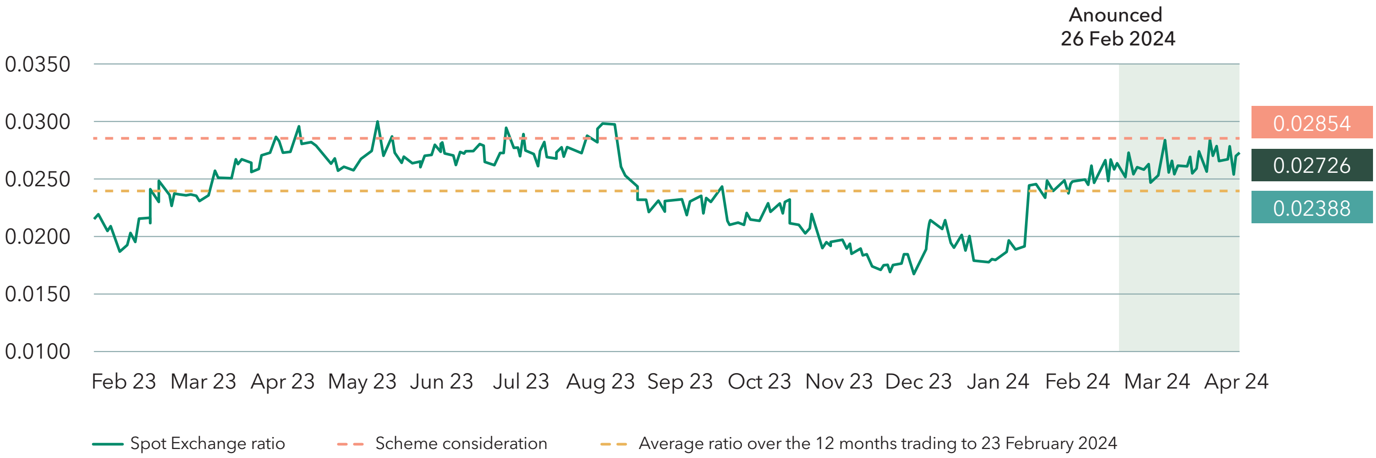
Based on the Alcoa Share price of US$44.27 per share as at close of trade on the Last Practicable Date, the Scheme Consideration has an implied value of A$1.90, representing a premium of 86.3% to the undisturbed closing Alumina Share price on 23 February 2024 (being the last trading day prior to the announcement of the Transaction to ASX on 26 February 2024).[11]

The above comparison does not take account of changes in the market and alumina, bauxite and aluminium sectors since 23 February 2024. Another way to assess the value to eligible Alumina Shareholders of the Scheme Consideration is to use the exchange ratio based on the Scheme Consideration for each Alumina Share and then compare that to the ratio implied by the undisturbed closing prices of Alumina and Alcoa. This approach focuses on the relative value received by eligible Alumina Shareholders under the Transaction compared to the relative value based on the share prices of the two companies at a point in time. Assessing the relative value of Alumina and Alcoa based on the undisturbed share prices prior to the Transaction being made public allows a like-for-like comparison given movement in the share prices of both companies are influenced by similar factors, such as the macroeconomic environment or more specifically commodity prices and market sentiment.

The Scheme Consideration (being a fixed exchange ratio of 0.02854 New Alcoa Shares for each Alumina Share) represents a 19.5% premium to the average exchange ratio of 0.02388 over the 12 months to 23 February 2024 (being the last trading day prior to announcement of the Transaction to ASX on 26 February 2024).[12]

10. Ineligible Foreign Shareholders will be entitled to receive their pro rata share of the Net Cash Proceeds under the Sale Facility, instead of the Scheme Consideration. **11.** Based on: (1) exchange ratio of 0.02854 per Alumina Share held on the Scheme Record Date; and (2) an AUD:USD exchange rate of 0.6650 as at the Last Practicable Date. **12.** Based on the daily closing prices of Alumina Shares and Alcoa Shares and the daily prevailing AUD/USD foreign exchange rate over the period.

Alumina and Alcoa trading exchange ratios over the 12 months before the announcement of the Transaction as compared with the Scheme Consideration exchange ratio of 0.02854 New Alcoa CDIs for each Alumina Share[13]

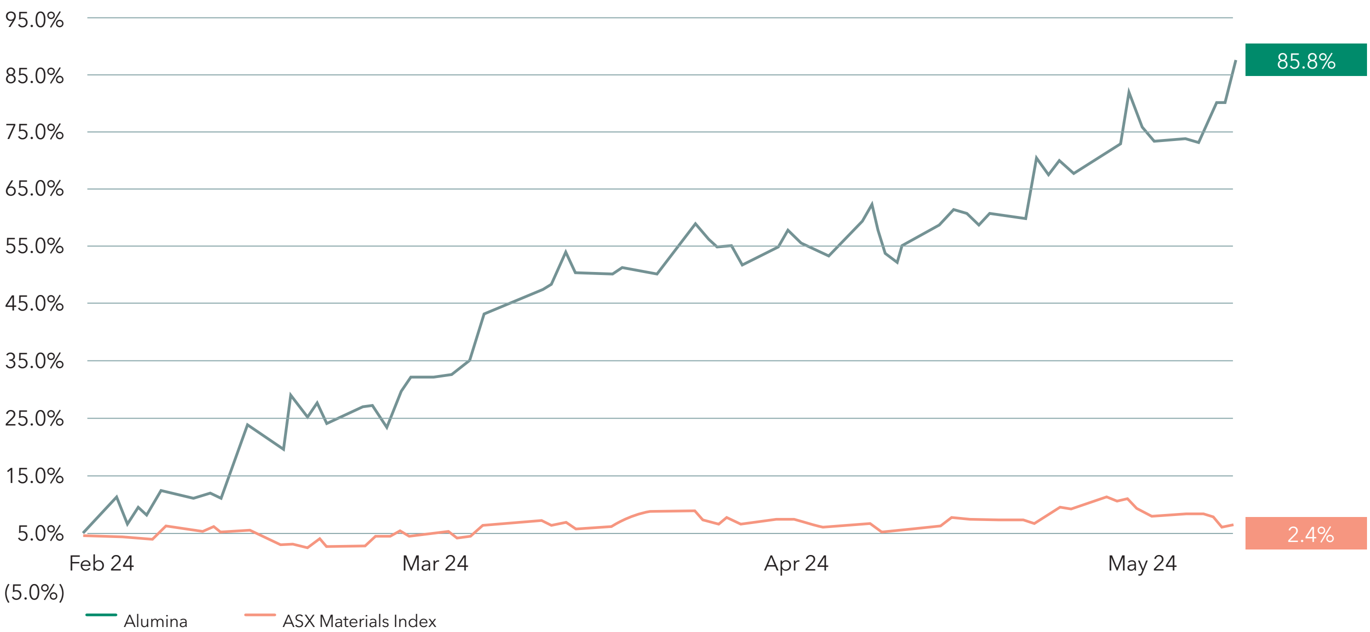


(g) The Alumina Share price may fall in the near term if the Scheme is not implemented and in the absence of a superior proposal for Alumina

If the Scheme does not proceed, and no comparable or superior proposal is received by the Alumina Board, the Alumina Share price may fall.

Since market close on 23 February 2024 (being the last day on which Alumina Shares traded before the Transaction was announced to ASX on 26 February 2024), the Alumina Share price has increased 85.8% up to a closing price of A$1.90 on Last Practicable Date, outperforming the ASX Materials Index by 83.4%. See figure below for further information. If the Scheme is not implemented, there is a risk that Alumina may instead trade in line with, or more negatively than, the ASX Materials Index, potentially reversing these gains following announcement of the Transaction on ASX.

Alumina Share price performance relative to ASX Materials Index



13. The 12 month average exchange ratio of 0.02388 is calculated as the average exchange ratio from the Alumina and Alcoa daily share prices and calculated at the daily AUD/USD exchange rate from 23 February 2023 to 23 February 2024 (being the last trading day prior to the announcement of the Transaction to the ASX on 26 February 2024).

(h) Australian resident Alumina Shareholders may be eligible for Roll-Over Relief

Alumina Shareholders who are Australian tax residents (and are not tax residents in any other country) and who make a capital gain from the disposal of their Alumina Shares may be eligible to choose to apply for Roll-Over Relief. Roll-Over Relief is not available if a capital loss is made, or for certain non-resident Alumina Shareholders (refer to Section 9.1(b)(vii) for further details).

Broadly, Roll-Over Relief enables Alumina Shareholders to disregard the capital gain they make from the disposal of their Alumina Shares under the Scheme.

Alumina is seeking confirmation from the ATO that Roll-Over Relief is available for these Alumina Shareholders. Section 9 provides a general description of certain Australian and United States taxation consequences for Alumina Shareholders.

1.4 POSSIBLE REASONS TO VOTE AGAINST THE SCHEME

(a) You may believe that the Scheme is not in your individual best interests and disagree with the recommendation by the Independent Alumina Directors and Managing Director and Chief Executive Officer and the conclusion of the Independent Expert

Despite the recommendation of Independent Alumina Directors and Managing Director and Chief Executive Officer to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is fair and reasonable and is therefore in the best interests of Alumina Shareholders in the absence of a superior proposal, you may disagree that the Scheme is in your best interests.

You may also consider that the tax consequences of disposing your Alumina Shares pursuant to the Scheme are not attractive to you. This may be for a number of reasons including your personal circumstances and the fact that any dividends paid by Alcoa after implementation of the Scheme will not be franked for Australian tax purposes.

The tax consequences of the Scheme will depend on your personal circumstances. A general description of the tax consequences of the Scheme for Alumina Shareholders is set out in section 9. However, section 9 is general in nature, and Alumina Shareholders should consult with their own independent professional tax advisers regarding the tax implications of the Scheme.

(b) You may wish to maintain your exposure to Alumina as a pure play alumina investor

If the Scheme is implemented, Alumina Shareholders (other than Ineligible Foreign Shareholders) will become investors in the Combined Group and will have a reduced exposure to Alumina's 40% minority holding in AWAC. You may wish for Alumina to remain a standalone entity because you invested in Alumina to seek exposure to AWAC only, rather than a broader portfolio of assets and operations.

In particular, you may consider that, despite the risks relevant to Alumina's potential future operations and the reasons to vote in favour of the Scheme set out in section 1.3, Alumina may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future. As a result, you may not want to have investment exposure to Alcoa and its assets by holding Alcoa Shares, Alcoa Preferred Shares or Alcoa CDIs.

(c) You may prefer to hold shares in an Australian domiciled company with the potential to pay franked dividends, over holding Alcoa CDIs

Alcoa is domiciled in US. Accordingly, any dividends paid by Alcoa will not be franked for Australian tax purposes.

Alumina has a franking credit balance as at 31 December 2023 of A$493.4 million. The release of franking credits could provide additional value to those Alumina Shareholders who place value on franking credits, noting that Alumina has not declared a dividend since the interim dividend for the six months to 30 June 2022.

As shareholders in the Combined Group, Alumina Shareholders will not receive franked dividends however, they would be eligible to participate in Alcoa's capital returns program. Alcoa's most recent quarterly dividend of US 10 cents per share was paid on 21 March 2024.

Dividends paid on Alcoa Shares will be distributed by direct credit to holders of Alcoa CDIs in Australian dollars, unless they elect to receive payment in US dollars, New Zealand dollars or in British pounds sterling by providing their banking details for those currencies. In addition, Alcoa CDI holders may choose to utilise Computershare's Global Wire payment solution to receive payment in other currencies.

(d) The risk profile of the Combined Group differs from Alumina as a standalone entity

If the Scheme is implemented, Alumina Shareholders (other than Ineligible Foreign Shareholders) will be exposed to the risks of the Combined Group. The risk and operational profile, capital structure, asset geography and board and management of the Combined Group will be different from that of Alumina as a standalone entity.

Some of the risks of the Combined Group are either related to the resources sector generally or already affect the Alumina business due to its ownership in AWAC. Accordingly, Alumina Shareholders already have some exposure to these risks. Areas where the risk profile of Alumina and the Combined Group may differ include:

- Compared with Alumina, Alcoa's share price and earnings have been more volatile, and Alcoa maintains a higher level of financial leverage in terms of debt to total capital.
- Eligible Alumina Shareholders will receive New Alcoa CDIs as Scheme Consideration for their ASX-listed Alumina Shares. The market for Alcoa CDIs on ASX may be less liquid than the market for Alcoa Shares on NYSE. This may reduce the trading volume of Alcoa CDIs and the speed at which they can be disposed.

While Alumina Shareholders may be exposed to some similar risks as the Combined Group, you may consider that the risks of the Combined Group (including those set out in section 8.3) are greater than the risks to Alumina as a standalone entity.

(e) You may take the view that the exchange ratio does not reflect the underlying value of Alumina's contribution to the Combined Group

You may take the view that the exchange ratio of 0.02854 New Alcoa Shares (including in the form of New Alcoa CDIs) for each Alumina Share, does not give existing Alumina Shareholders an appropriate share of the Combined Group and the benefits of combining the two businesses.

On implementation of the Scheme, Alumina Shareholders are expected to own approximately 31.6% of the Combined Group, with existing Alcoa Stockholders holding approximately 68.4%.[14]

(f) The implied value of Scheme Consideration is not fixed and will depend on the Alcoa Share price

The Scheme Consideration is based on a fixed exchange ratio of 0.02854 New Alcoa Shares (including in the form of New Alcoa CDIs) for each Alumina Share. As a result, the implied value of the Scheme Consideration will change over time depending on the prevailing Alcoa Share price and the AUD/USD exchange rate.

Assuming the AUD/USD exchange rate remains constant, the implied value of the Scheme Consideration that you receive for your Alumina Shares will decrease if the Alcoa Share price decreases. However, if there is an increase in the Alcoa Share price, the implied value of the Scheme Consideration that you receive for your Alumina Shares will also increase.

(g) You may consider there is a potential for a superior proposal to be made for Alumina in the foreseeable future

You may consider that a superior proposal could emerge in the future. However, since the Transaction was announced on 26 February 2024 until the Last Practicable Date, the Alumina Directors are not aware of, and have not received, any Superior Proposal.

If a Superior Proposal is received, Alumina is subject to certain exclusivity arrangements under the Scheme Implementation Deed. These exclusivity arrangements may diminish the possibility of Alumina receiving a Superior Proposal. However, the exclusivity arrangements do not restrict Alumina from taking any action or inaction in respect of an Alumina Competing Transaction to the extent that the Alumina Board determines (acting in good faith and after receiving external advice) that the Competing Proposal is or could reasonably be considered to be a Superior Proposal and failing to take or not take such action would be reasonably likely to breach the fiduciary or statutory duties of the Alumina Directors.

If a Superior Proposal emerges, the Alumina Directors will consider the proposal and advise Alumina Shareholders accordingly (subject to the exclusivity provisions of the Scheme Implementation Deed).

1.5 OTHER RELEVANT CONSIDERATIONS

(a) The Scheme may be implemented even if you vote against it at the Scheme Meeting

Regardless of whether you vote for or against the Scheme, abstain or do not vote at all, the Scheme may still be implemented if it is approved by Alumina Shareholders by the Requisite Majorities and the Court, and the other Conditions Precedent are satisfied or waived. If this occurs and you hold Alumina Shares on the Scheme Record Date, your Alumina Shares will be transferred to Alcoa Bidder and you will receive the Scheme Consideration for those Alumina Shares, unless you are an Ineligible Foreign Shareholder, in which case you will receive your pro rata share of the Net Cash Proceeds, instead of the Scheme Consideration.

(b) Break fee and Reverse Break Fee

Alumina may have to pay the Break Fee of US$22 million in certain circumstances – see subsection (f) of Annexure C for further detail.

Alcoa may have to pay the Reverse Break Fee of up to US$50 million in certain circumstances – see subsection (g) of Annexure C for further detail.

14. Based on the shares on issue on 12 March 2024, being 2,901,681,417 for Alumina and 179,558,990 for Alcoa. On a fully diluted share basis as of 23 February 2024, including stock options, stock units, conditional and performance rights, Alumina Shareholders would own 31.25% of the Combined Group.

SECTION

02

Frequently asked questions

Question	Answer	More Information
Overview of the Scheme		
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are an Alumina Shareholder and you are being asked to vote on the Scheme, in respect of the proposed acquisition of Alumina by Alcoa, through a wholly owned indirect Subsidiary, Alcoa Bidder. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting and contains important information, including: • reasons to vote in favour of the Scheme; • possible reasons to vote against the Scheme; • information about Alumina, Alcoa, Alcoa Bidder and the Combined Group; • the risks associated with the Scheme; and • the Independent Expert's Report.	Section 3
What is the Scheme?	The Scheme is the proposed scheme of arrangement between Alumina and its shareholders under Part 5.1 of the Corporations Act pursuant to which all Alumina Shares will be transferred to Alcoa Bidder in exchange for the Scheme Consideration being provided to Alumina Shareholders.	Section 3 and Annexure D
What will be the effect of the Scheme?	If the Scheme is implemented: • all Alumina Shares will be transferred to Alcoa Bidder; • Alumina will become a wholly owned indirect Subsidiary of Alcoa; • all Alumina Shareholders as at the Scheme Record Date (whether they voted for or against the Scheme, or did not vote at the Scheme Meeting) will receive the Scheme Consideration;[15] and • Alumina will be delisted from ASX. As part of the Transaction, New Alcoa CDIs will be listed on ASX (allowing you to trade the New Alcoa CDIs in the same way you currently trade Alumina shares).	Section 3 and Annexure D
How will the Scheme be implemented?	Details on how the Scheme will be implemented are described in section 3.2.	Section 3.2 and Annexure D
What should I do?	You should take the following steps in relation to the Scheme: • carefully read this Scheme Booklet in its entirety and consult your legal, financial, tax or other professional adviser if you have any questions; and • vote on the Scheme Resolution.	Section 4
Recommendations and intentions of Alumina Directors		
What do the Alumina Directors recommend?	The Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer[16] recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Alumina Shareholders.[17]	Letter from the Chairman of the Alumina Board and section 1.1
How are the Alumina Directors intending to vote?	Each of the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer intends to vote, or cause to be voted, any Alumina Shares which they hold or control at the time of the Scheme Meeting, in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Alumina Shareholders.	Letter from the Chairman of the Alumina Board and section 1.1.

15. Ineligible Foreign Shareholders will be entitled to receive their pro rata share of the Net Cash Proceeds under the Sale Facility, instead of the Scheme Consideration. **16.** Alumina Shareholders should note that Alumina's Managing Director and Chief Executive Officer, Mike Ferraro, will receive certain benefits in connection with the Scheme, which are described in section 11.2 of this Scheme Booklet. These benefits include the vesting of unvested ESP Entitlements and Conditional Rights valued at A$3,038,860 and A$1,398,391 respectively, based on the value of Alumina Shares at the close of trading on the Last Practicable Date. Despite this interest, Mr Ferraro considers that given the importance of the Scheme and his role as Managing Director and CEO, it is important and appropriate for him to provide a recommendation to Alumina Shareholders in relation to voting on the Scheme. Additionally, the Independent Alumina Directors also consider that it is important and appropriate for Mr Ferraro to provide a recommendation to Alumina Shareholders in relation to the Scheme given his role in the management and operations of Alumina. **17.** The Non-Independent Non-Executive Alumina Director abstains from making a recommendation.

Question	Answer	More Information
Matters relevant to your vote		
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Alumina Shareholders, in the absence of a superior proposal. The reasons why the Independent Expert reached this conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A. The Alumina Directors encourage you to read the Independent Expert's Report in full.	Section 11.3 and Annexure A
What are the reasons to vote in favour of the Scheme?	The reasons to vote in favour of the Scheme include: • The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Alumina shareholders, in the absence of a superior proposal. • The Transaction unifies the ownership of the AWAC joint venture, resulting in a simpler and more efficient structure. • Alumina Shareholders will gain exposure to a leading global pure play aluminium company with a geographically diversified and integrated portfolio across bauxite, alumina and aluminium. • The Combined Group will have an enhanced capital structure. • The Combined Group represents a better platform for the future, with increased financial flexibility and greater strategic optionality through access to a larger balance sheet. • The Scheme Consideration represents a premium to the trading prices of Alumina shares prior to the announcement of the Transaction. • The Alumina Share price may fall in the near term if the Transaction is not implemented and in the absence of a superior proposal for Alumina. • Australian resident Alumina Shareholders may be eligible for Roll-Over Relief.	Section 1.3
What are the possible reasons to vote against the Scheme?	The reasons you may wish to vote against the Scheme include: • You may believe that the Scheme is not in your individual best interests and disagree with the recommendation by the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer and the conclusion of the Independent Expert. • You may wish to maintain your exposure to Alumina as a pure play alumina investor. • You may prefer to hold shares in an Australian domiciled company with the potential to pay franked dividends, over holding Alcoa CDIs. • The risk profile of the Combined Group differs from Alumina as a standalone entity. • You may take the view that the exchange ratio does not reflect the underlying value of Alumina's contribution to the Combined Group. • The implied value of Scheme Consideration is not fixed and will depend on the price at which Alcoa Shares trade at the Implementation Date. • You may consider there is a potential for a superior proposal to be made for Alumina in the foreseeable future.	Section 1.4
What are the risks relating to the Alumina Group if the Scheme is not implemented?	If the Scheme does not proceed, Alumina will continue as a standalone entity and Alumina Shareholders will retain their Alumina Shares. In these circumstances, Alumina Shareholders may be subject to the risks set out in section 8.5.	Section 8.5

Question	Answer	More Information
What are the risks relating to the Combined Group?	An investment in the Combined Group is subject to several key risks, including: • the Combined Group failing to realise benefits of the combination; • risks relating to the implementation of the Scheme; and • risks relating to the Combined Group's businesses and operations. Further details on the risks associated with the implementation of the Scheme and the creation of the Combined Group are detailed in sections 8.2 and 8.3.	Sections 8.2 and 8.3
Scheme Consideration		
What is the Scheme Consideration?	If the Scheme is implemented, Alumina Shareholders will receive the Scheme Consideration comprising 0.02854 New Alcoa CDIs for each Alumina Share held as at the Scheme Record Date, except for: • Ineligible Foreign Shareholders, who will receive their pro rata share of the Net Cash Proceeds as described in sections 3.4(h) and 3.4(i); • Bestbuy, who will receive Scheme Consideration as described in sections 3.3 and 3.4(d); and • the ADS Depositary or ADS Custodian (as applicable), who will receive 0.02854 New Alcoa Shares for each Alumina Share held on the Scheme Record Date as outlined in section 3.4(b).	Section 3.3 and 3.4
Who is entitled to Scheme Consideration?	All Alumina Shareholders who are the registered holders of Alumina Shares as at the Scheme Record Date will be entitled to receive the Scheme Consideration in the form of New Alcoa CDIs, except for: • Ineligible Foreign Shareholders, who will receive their pro rata share of the Net Cash Proceeds as described in sections 3.4(h) and 3.4(i); • Bestbuy, who will receive Scheme Consideration as described in sections 3.3 and 3.4(d); and • the ADS Depositary or ADS Custodian (as applicable), who will receive 0.02854 New Alcoa Shares for each Alumina Share held on the Scheme Record Date as outlined in section 3.4(b).	Sections 3.4(d) and 3.4(f)
What is the premium represented by the Scheme Consideration to Alcoa's share price?	Based on Alcoa's share price as at close of trade on the Last Practicable Date, the Scheme Consideration represents an implied transaction price of approximately A$1.90 per Alumina Share, a premium of approximately 86.3% to Alumina's closing price of A$1.02 on 23 February 2024 (being the last day of trading prior to the announcement of the Transaction Process Deed).	Letter from the Chairman of the Alumina Board and Section 1
When will I receive the Scheme Consideration?	If the Scheme becomes Effective, Alcoa Bidder (or Alcoa, at the direction of and on behalf of Alcoa Bidder) will provide or procure the provision of the Scheme Consideration to each of the Scheme Participants (other than Ineligible Foreign Shareholders) on the Implementation Date, which is currently expected to be Thursday, 1 August 2024. Ineligible Foreign Shareholders will not receive New Alcoa CDIs. Instead, they will receive their pro rata share of the Net Cash Proceeds, which is currently expected to be by no later than Monday, 16 September 2024.	Sections 3.4(i) and 3.4(k)
What are CDIs?	CDIs, or CHESS Depositary Interests, are a type of depository receipt that allows investors in foreign companies (such as Alcoa), to obtain all the economic benefit of owning securities in the foreign company (such as Alcoa Shares) without holding legal title to the securities. The underlying securities represented by a CDI are registered in the name of the depositary nominee, CDN, as legal owner, or held by CDN in the form of beneficial ownership, but all of the economic benefits attaching to the underlying securities accrue to the CDI holder. When CDIs are quoted on the ASX, the underlying securities are regarded as having been quoted on the ASX.	Section 3.4(c) and 3.4(f)

Question	Answer	More Information
What are the New Alcoa CDIs?	The New Alcoa CDIs will represent a unit of beneficial ownership in a New Alcoa Share which is registered in the name of CDN, or held by CDN in the form of beneficial ownership.	Sections 3.4(c) and 3.4(f)
What are the New Alcoa Preferred Shares?	The New Alcoa Preferred Shares are non-voting convertible series A preferred stock (par value US$0.01 per share) in Alcoa. The economic rights of the New Alcoa Preferred Shares are generally equivalent to the economic rights of the New Alcoa CDIs, except that the New Alcoa Preferred Shares will: • have a liquidation preference of US$0.0001 for each share; • convert into Alcoa Shares on a 1:1 basis upon transfer to a party that is not an affiliate of the CITIC Shareholders, subject to anti-dilution provisions and other customary adjustments; and • have no voting rights except as required by applicable law or in relation to a change in the existing rights of New Alcoa Preferred Shares.	Section 3.4(d)
What will happen to the CITIC Shareholders' Alumina Shares?	If the Scheme becomes Effective and is implemented, the CITIC Shareholders' Alumina Shares will be transferred to Alcoa Bidder on the Implementation Date, like all other Alumina Shareholders' Alumina Shares.	Section 3.4(a)
Will I be able to trade my New Alcoa CDIs on the ASX?	Yes, the New Alcoa CDIs will be able to be traded on the ASX in the same way as Alumina Shares are currently traded. Deferred settlement trading of New Alcoa CDIs is expected to be available on the ASX from Wednesday, 24 July 2024. New Alcoa CDIs are expected to commence trading on the ASX on a normal settlement basis on the ASX from Friday, 2 August 2024.	Sections 3.4(c) and 3.4(f)
What are the key differences between Alcoa CDIs and Alcoa Shares?	Except for certain differences noted in section 3.4(g), an Alcoa CDI will have rights that are economically equivalent to the rights attaching to an Alcoa Share. Alcoa CDIs will be quoted and traded on ASX in Australian dollars. A holder of Alcoa CDIs can, however, elect at any time to convert those Alcoa CDIs to an equivalent number of Alcoa Shares (via a process referred to as "transmuting" Alcoa CDIs to Alcoa Shares). A holder of Alcoa CDIs will not be a registered Alcoa Stockholder. Instead, Alcoa Shares represented by Alcoa CDIs will be held in the name of CDN, a Subsidiary of the ASX, or held by CDN in the form of beneficial ownership. New Alcoa Shares will be Alcoa Shares, ranking equally in all respects with all other Alcoa Shares on issue as at the Implementation Date. New Alcoa Shares will be listed and traded on NYSE in US dollars. After implementation of the Scheme, a holder of Alcoa CDIs will be able to direct CDN to vote the Alcoa Shares represented by its Alcoa CDIs in accordance with the holder's directions.	Sections 3.4(f) and 3.4(g)
What are the risks relating to New Alcoa Shares and New Alcoa CDIs?	There are several risks associated with New Alcoa Shares and New Alcoa CDIs including: • the market for New Alcoa CDIs may be less liquid than the market for Alcoa Shares; and • the price of New Alcoa CDIs will be subject to, and reflect movements in, the Alcoa Share price and the AUD:USD exchange rate. Further details on the risks related to Alcoa Shares and Alcoa CDIs are set out in section 8.4.	Section 8.4
Can I convert my New Alcoa CDIs into Alcoa Shares?	Yes. New Alcoa CDIs can be converted (or "transmuted") into Alcoa Shares and vice versa at any time following the Implementation Date, by contacting the Alcoa Share Registry or Alcoa CDI Registry (as applicable).	Section 3.4(f)(ix)

Question	Answer	More Information
What are the taxation implications of the Scheme?	If the Scheme becomes Effective, there will be tax consequences for Alumina Shareholders which may include tax being payable on any gain on disposal of their Alumina Shares. Section 9 provides a general description of certain Australian and United States taxation consequences for Scheme Participants. Alumina has applied to the ATO requesting the ATO Class Ruling to confirm the key taxation implications of the Scheme. The ATO Class Ruling has not been finalised as at the Last Practicable Date. The ATO Class Ruling is not expected to be issued by the ATO until after the Implementation Date. However, Alumina expects that the ATO will provide a draft of the Class Ruling prior to the Scheme Meeting. When the final ATO Class Ruling is published by the ATO, it will be available on the ATO's website at www.ato.gov.au. The taxation implications of the Scheme will depend on the nature and characteristics of each Scheme Participant. It is recommended that Scheme Participants seek independent professional tax advice in relation to the income tax implications associated with the Scheme.	Section 9
Will Scheme Participants have to pay brokerage or stamp duty?	No brokerage or stamp duty should be payable by the Scheme Participants on the acquisition by Alcoa Bidder of their Alumina Shares under the Scheme or on the receipt by Scheme Participants of the New Alcoa CDIs as Scheme Consideration. If you dispose of your Alumina Shares before the Scheme Record Date, brokerage fees may be payable.	Section 9.1(f)
How will Alumina ADS Holders be treated under the Scheme?	Alumina currently has an American Depositary Shares (**ADS**) program with each Alumina ADS representing four Alumina Shares. Alumina ADSs are traded in the United States. Alumina ADS Holders will not be requested to submit voting instructions in respect of their ADSs, although the ADS Depositary is required, under the ADS Deposit Agreement, to attempt to carry out any voting instructions it receives from registered holders of ADSs by the instruction cut-off date set by the Depositary. Any Alumina ADS Holder who wishes to vote as an Alumina Shareholder must become an Alumina Shareholder by the applicable date and vote in that capacity. If the Scheme is implemented, all Alumina Shares, including those underlying Alumina ADSs, will automatically be transferred to Alcoa Bidder in exchange for the Scheme Consideration. The Scheme Consideration for the Alumina Shares underlying Alumina ADSs will be New Alcoa Shares. Alumina ADS Holders that wish to receive Alcoa CDIs instead of common shares must surrender their Alumina ADSs, pay applicable fees and become holders of Alumina Shares prior to the Scheme Record Date.	Section 11.4
CITIC Shareholders		
Who are the CITIC Shareholders?	The CITIC Shareholders are each of, Bestbuy, CITIC Resources and CITIC Australia. As at the Last Practicable Date, the CITIC Shareholders in aggregate own approximately 18.92% of the Alumina Shares on issue.	Section 3.3

Question	Answer	More Information
Why is Bestbuy receiving New Alcoa Preferred Shares?	Under the US Bank Holding Act, the CITIC Shareholders are prevented from holding more than a 5% interest in any class of voting securities of Alcoa. If the CITIC Shareholders were to receive New Alcoa CDIs in respect of their entire aggregate shareholding in Alumina, they would hold an interest of ~6% in Alcoa's common stock, in breach of the US Bank Holding Act. To the extent that the New Alcoa CDIs that the CITIC Shareholders would receive as Scheme Consideration would result in CITIC Shareholders beneficially owning, in aggregate, in excess of 4.5% of the outstanding shares of Alcoa common stock (including the shares underlying the New Alcoa CDIs) upon implementation of the Scheme, the Scheme Consideration representing the beneficial ownership in excess of 4.5% will instead be issued as New Alcoa Preferred Shares to Bestbuy. The economic rights of the New Alcoa Preferred Shares are generally equivalent to the economic rights of the New Alcoa CDIs, except that the New Alcoa Preferred Shares will have a liquidation preference of US$0.0001 for each share.	Section 3.3
Ineligible Foreign Shareholders		
Who is an Ineligible Foreign Shareholder?	Ineligible Foreign Shareholders are Alumina Shareholders whose Registered Address as at the Scheme Record Date is a place outside Australia and its external territories, British Virgin Islands, Norway, Canada, Hong Kong, New Zealand, Singapore, Switzerland, the European Union, the United Arab Emirates, the United Kingdom or the United States.	Section 3.4(h)
What will Ineligible Foreign Shareholders receive under the Scheme?	If you are an Ineligible Foreign Shareholder, you will not receive New Alcoa CDIs. Instead, Alcoa will issue any New Alcoa Shares that you would otherwise have been entitled to (in the form of New Alcoa CDIs) to a Sale Agent who will sell those New Alcoa Shares in the ordinary course of trading on NYSE. You will receive your pro rata share of the Net Cash Proceeds of the sale from the relevant New Alcoa Shares by the Sale Agent.	Sections 3.4(h) and 3.4(i)
Scheme Meeting		
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 2.00pm (AEST) on Thursday, 18 July 2024. The Scheme Meeting will be held: • in person at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia; and • online via the online meeting platform at www.meetnow.global/M2QDVXW.	Section 4 and Annexure F
What will Alumina Shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Alumina Shareholders will be asked to vote on whether to approve the Scheme.	Section 3.2(a) and Annexure F
What is the Alumina Shareholder approval threshold for the Scheme?	In order to become Effective, the Scheme must be approved by the Requisite Majorities, being: • unless the Court orders otherwise, a majority in number (more than 50%) of Alumina Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Alumina Shareholders, body corporate representative); and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Alumina Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Alumina Shareholders, body corporate representative). Even if the Scheme is approved by the Requisite Majorities at the Scheme Meeting, the Scheme is still subject to the approval of the Court.	Section 3.2(a)

Question	Answer	More Information
Am I entitled to vote at the Scheme Meeting?	If you are registered as an Alumina Shareholder on the Alumina Share Register as at 7.00pm (AEST) on Tuesday, 16 July 2024, you will be entitled to attend and vote at the Scheme Meeting.	Section 4.3 and Annexure F
How do I vote at the Scheme Meeting?	You can vote: • in person, by attending the Scheme Meeting held at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia; • online, by participating and voting via the online meeting platform at www.meetnow.global/M2QDVXW; • by appointing a proxy, attorney or a corporate representative (if you are a body corporate), to attend the Scheme Meeting (in person or online) and vote on your behalf. Proxy appointments must be received by 2.00pm (AEST) on Tuesday, 16 July 2024. To appoint a proxy online, you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and the postcode for your shareholding.	Section 4.5 and Annexure F
Is voting at the Scheme Meeting compulsory for Alumina Shareholders?	Voting is not compulsory. However, your vote is important in determining whether the Scheme will proceed, as only those votes cast by Alumina Shareholders on the Scheme will be counted in determining whether the Scheme has been approved by the Requisite Majorities of Alumina Shareholders. The Scheme may be implemented even if you do not vote on the Scheme Resolution.	Section 4.1
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX (www.asx.com.au).	N/A
Conditions and implementation		
What are the conditions that must be satisfied or waived for the Scheme to be implemented?	The Scheme is subject to a number of Conditions Precedent, which are summarised in section 3.5. As at the Last Practicable Date, the following conditions remain outstanding: • FIRB approval; • Alumina Shareholder approval of the Scheme Resolution; • Alcoa Stockholder approval of the Alcoa Stockholder Resolution; • ASX quotation and NYSE listing; • ATO Class Ruling; and • other customary conditions.	Section 3.5
What is required for the Scheme to become Effective?	The Scheme will become Effective if: • the Scheme is approved by the Requisite Majorities of Alumina Shareholders at the Scheme Meeting; • the Court approves the Scheme at the Second Court Hearing and the Court order is lodged with ASIC; and • all of the other Conditions Precedent to the Scheme are satisfied or waived (where capable of waiver).	Section 3.2
Can the Scheme be terminated?	The Scheme Implementation Deed may be terminated in certain circumstances. If the Scheme Implementation Deed is terminated, the Scheme will not proceed.	Subsection (i) of Annexure C
What happens to my Alumina Shares if I do not vote or vote against the Scheme, and the Scheme becomes Effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective and is implemented, any Alumina Shares held by you will be transferred to Alcoa Bidder and you will receive the Scheme Consideration (unless you are an Ineligible Foreign Shareholder, in which case you will receive your pro rata share of the Net Cash Proceeds, instead of the Scheme Consideration), despite not having voted or having voted against the Scheme.	Section 3.3

Question	Answer	More Information
Can I sell my Alumina Shares now?	Alumina Shares will continue to trade on ASX until close of trading on the Effective Date. You can sell your Alumina Shares on market in the usual manner before close of trading on the Effective Date at the prevailing market price. However, if you choose to sell your Alumina Shares: • before the Scheme Record Date, you will not receive the Scheme Consideration (or in the case of an Ineligible Foreign Shareholder, your pro rata share of the Net Cash Proceeds); • you may not receive consideration equivalent to the implied value of the Scheme Consideration; • you may incur brokerage and other expenses on the sale of your Alumina Shares; and • there may be different tax consequences compared to those that would arise if you retained those Alumina Shares until and including the Scheme Record Date.	Section 3.10
Information about Alcoa and Alcoa Bidder		
Who is Alcoa?	Alcoa is a global industry leader in bauxite, alumina, and aluminium products, with a vision to reinvent the aluminium industry for a sustainable future. Alcoa is active in all aspects of the upstream aluminium industry with bauxite mining, alumina refining, and aluminium smelting and casting. Alcoa has direct and indirect ownership of 27 assets in locations across nine countries on six continents.	Section 6
Who is Alcoa Bidder?	Alcoa Bidder is an Australian proprietary company limited by shares that was incorporated on 6 March 2024 and is a wholly owned indirect Subsidiary of Alcoa. Prior to the Scheme, it has not and will not conduct any business and does not currently own any assets or have any liabilities. If the Scheme is implemented, Alcoa Bidder will directly hold all the shares in Alumina.	Section 6.2(h)
Information about the Combined Group		
What will the Combined Group look like once the Scheme is implemented?	If the Scheme is implemented, Alcoa will become the parent company of the Combined Group and Alumina will become a wholly owned indirect Subsidiary of Alcoa. Alcoa will continue to manage the operations of AWAC (as is the case currently). Further information on the Combined Group is set out at section 7, including Alcoa's intentions for the Combined Group.	Section 7
What are the key risk factors associated with the Scheme?	Please refer to section 8.3 for a summary of the risk factors in relation to the business and operations of the Combined Group. Please refer to section 8.2 for a summary of the risk factors in relation to the implementation of the Scheme.	Section 8.2 and 8.3
What aggregate voting rights will the Alumina Shareholders have in the Combined Group?	On the Implementation Date, Alumina Shareholders will own approximately 31.6% of the Combined Group (including New Alcoa Shares to be issued to the Sale Agent that would otherwise be issued to Ineligible Foreign Shareholders).[18]	Section 7.6(b)
Additional information		
What if you have further questions about the Scheme?	For further information, please contact the Alumina Shareholder Information Line on 1800 990 479 (within Australia) or +61 1800 990 479 (outside Australia), between 8.30am and 5.30pm (AEST), Monday to Friday (excluding public holidays). If you are in doubt about anything in this Scheme Booklet, please contact your legal, financial, tax or other professional adviser.	N/A

18. Based on the shares on issue on 12 March 2024, being 2,901,681,417 for Alumina and 179,558,990 for Alcoa. On a fully diluted share basis as of 23 February 2024, including stock options, stock units, conditional and performance rights, Alumina Shareholders would own 31.25% of the Combined Group.

SECTION

03

Overview of the Scheme

3.1 BACKGROUND TO THE SCHEME

On 12 March 2024, Alumina announced that it had entered into a Scheme Implementation Deed with Alcoa under which the parties agreed to implement the Scheme between Alumina and its shareholders. A summary of the key terms of the Scheme Implementation Deed are set out in Annexure C and a copy of the Scheme is set out in Annexure D. A full copy of the Scheme Implementation Deed was released on ASX (www.asx.com.au) and published on Alumina's website (https://www.aluminalimited.com).[19]

If the Scheme is approved by Alumina Shareholders at the Scheme Meeting and by the Court, and if all Conditions Precedent are satisfied or waived (where capable of waiver):

- eligible Scheme Participants will receive the Scheme Consideration;[20] and
- Alumina will become a wholly owned indirect Subsidiary of Alcoa and will be delisted from ASX.

If the Scheme is not approved, Scheme Participants will not receive the Scheme Consideration[21] and Alumina will continue as a standalone entity listed on ASX.

3.2 KEY STEPS TO IMPLEMENT THE SCHEME

(a) Scheme Meeting

The Court has ordered that the Scheme Meeting be held at 2.00pm (AEST) on Thursday, 18 July 2024 at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia for the purposes of approving the Scheme Resolution. The Notice of Scheme Meeting setting out the Scheme Resolution is included in Annexure F.

To be passed, the Scheme Resolution must be approved by the Requisite Majorities, being:

- unless the Court orders otherwise, a majority in number (more than 50%) of Alumina Shareholders present and voting at the Scheme Meeting (either in person, online or by proxy, attorney or, in the case of corporate Alumina Shareholders, body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting.

Alumina Shareholders who are registered on the Alumina Share Register at 7.00pm (AEST) on Tuesday, 16 July 2024 will be entitled to vote on the Scheme.

Instructions on how to attend and vote at the Scheme Meeting in person, or to appoint a proxy to attend and vote on your behalf, are set in section 4 and the Notice of Scheme Meeting set out in Annexure F.

Voting is not compulsory. However, the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer[22] recommend that Alumina Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Alumina Shareholders.

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Alumina Shareholders and the Court. If this occurs, your Alumina Shares will be transferred to Alcoa Bidder and you will receive the Scheme Consideration[23] even if you did not vote on, or voted against, the Scheme.

The results of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au).

(b) Court approval of the Scheme

Alumina will apply to the Court for orders approving the Scheme if:

- the Scheme Resolution is approved by the Requisite Majorities of Alumina Shareholders at the Scheme Meeting; and
- all Conditions Precedent to the Scheme have been satisfied or waived (where capable of waiver).

Each Alumina Shareholder, or with the Court's permission, any other interested person, may appear at the Second Court Hearing.

(c) Effective Date

If the Court approves the Scheme at the Second Court Hearing, Alumina will lodge an office copy of the Court order with ASIC. The Scheme will become Effective upon lodgement of the Court order with ASIC and Alumina will give notice of this event on ASX.

(d) Suspension of trading

Alumina Shares will continue to trade on ASX until the Effective Date. Alumina intends to apply to the ASX for Alumina Shares to be suspended from trading on ASX from close of trading on the Effective Date.

(e) Scheme Record Date and entitlement to Scheme Consideration

Alumina Shareholders who are registered on the Alumina Share Register on the Scheme Record Date (currently expected to be 7.00pm (AEST time) on Thursday, 25 July 2024) will be entitled to receive the Scheme Consideration in respect of the Alumina Shares they hold at that time.[24]

19. On 21 May 2024, Alumina announced that it had entered into an amending deed to the Scheme Implementation Deed and ancillary documents (**Amending Deed**). A full copy of the Amending Deed was released on ASX (www.asx.com.au) and published on Alumina's website (https://www.aluminalimited.com).
20. Ineligible Foreign Shareholders will be entitled to receive their pro rata share of the Net Cash Proceeds under the Sale Facility, instead of the Scheme Consideration. **21.** Ineligible Foreign Shareholders will also not receive their pro rata share of the Net Cash Proceeds. **22.** Alumina Shareholders should note that Alumina's Managing Director and Chief Executive Officer, Mike Ferraro, will receive certain benefits in connection with the Scheme, which are described in section 11.2 of this Scheme Booklet. These benefits include the vesting of unvested ESP Entitlements and Conditional Rights valued at A$3,038,860 and A$1,398,391 respectively, based on the value of Alumina Shares at the close of trading on the Last Practicable Date. Despite this interest, Mr Ferraro considers that given the importance of the Scheme and his role as Managing Director and CEO, it is important and appropriate for him to provide a recommendation to Alumina Shareholders in relation to voting on the Scheme. Additionally, the Independent Alumina Directors also consider that it is important and appropriate for Mr Ferraro to provide a recommendation to Alumina Shareholders in relation to the Scheme given his role in the management and operations of Alumina. **23.** Ineligible Foreign Shareholders will be entitled to receive their pro rata share of the Net Cash Proceeds under the Sale Facility, instead of the Scheme Consideration.
24. Ineligible Foreign Shareholders will be entitled to receive their pro rata share of the Net Cash Proceeds under the Sale Facility, instead of the Scheme Consideration.

(f) Dealings on or prior to the Scheme Record Date

For the purposes of determining which Alumina Shareholders are eligible to participate in the Scheme, dealings in Alumina Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Alumina Share Register as the holder of the relevant Alumina Shares before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Alumina Share Registry before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, Alumina will not accept for registration or recognise any transfer or transmission applications in respect of Alumina Shares received after the Scheme Record Date.

(g) Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, Alumina must maintain the Alumina Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been issued to the Scheme Participants. The Alumina Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Alumina Shares (other than statements of holding in favour of Alcoa Bidder) will cease to have effect as documents relating to title in respect of such Alumina Shares; and
- each entry on the Alumina Share Register (other than entries on the Alumina Share Register in respect of Alcoa Bidder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Alumina Shares relating to that entry.

(h) Implementation Date

Scheme Participants (other than Ineligible Foreign Shareholders) will be issued the Scheme Consideration on the Implementation Date (which is currently expected to be Thursday, 1 August 2024). Immediately after the Scheme Consideration is issued to eligible Scheme Participants, the Alumina Shares will be transferred to Alcoa Bidder.

After the Implementation Date, Alcoa must send a holding statement or equivalent document to each Scheme Participant (other than an Ineligible Foreign Shareholder) representing the number of New Alcoa CDIs, New Alcoa Preferred Shares or New Alcoa Shares (as applicable) issued to the Scheme Participant pursuant to the Scheme.

3.3 CITIC SHAREHOLDERS

The CITIC Shareholders are each of Bestbuy, CITIC Resources and CITIC Australia. As at the Last Practicable Date, the CITIC Shareholders in aggregate legally and beneficially own 548,959,208 Alumina Shares, being approximately 18.92% of the Alumina Shares on issue.

Under the US Bank Holding Act, the CITIC Shareholders are prevented from holding more than a 5% interest in any class of voting securities of Alcoa. If the CITIC Shareholders were to receive New Alcoa CDIs in respect of their entire aggregate shareholding in Alumina, they would hold an interest of ~6% in Alcoa's common stock, in breach of the US Bank Holding Act.

To the extent that the New Alcoa CDIs that the CITIC Shareholders would receive as Scheme Consideration (less any Alumina Shares held by any CITIC Shareholder that are sold via the Sale Facility to fund payment of any applicable Withholding Amount) would result in CITIC Shareholders beneficially owning, in aggregate, in excess of 4.5% of the outstanding shares of Alcoa common stock (including the shares underlying the New Alcoa CDIs) upon implementation of the Scheme, the Scheme Consideration representing the beneficial ownership in excess of 4.5% will instead be issued as New Alcoa Preferred Shares to Bestbuy.

The economic rights of the New Alcoa Preferred Shares are generally equivalent to the economic rights of the New Alcoa CDIs, except that the New Alcoa Preferred Shares will have a liquidation preference of US$0.0001 for each share.

Please refer to sections 3.4(d) and 6.17 for further detail in relation to the New Alcoa Preferred Shares.

3.4 SCHEME CONSIDERATION

(a) Overview

If the Scheme becomes Effective, Scheme Participants will receive 0.02854 New Alcoa CDIs for each Alumina Share held on the Scheme Record Date, except for:

- Ineligible Foreign Shareholders, who will receive their pro rata share of the Net Cash Proceeds as described in sections 3.4(h) and 3.4(i);
- Bestbuy, who will receive Scheme Consideration as described in sections 3.3 and 3.4(d); and
- the ADS Depositary or ADS Custodian (as applicable), who will receive 0.02854 New Alcoa Shares for each Alumina Share held on the Scheme Record Date as outlined in section 3.4(b).

(b) New Alcoa Shares

A New Alcoa Share is a fully paid Alcoa Share to be issued as Scheme Consideration to CDN in connection with the New Alcoa CDIs and the ADS Depositary or ADS Custodian (as applicable).

New Alcoa Shares will be fully paid Alcoa Shares and will be listed and traded on NYSE in US dollars.

(c) New Alcoa CDIs

A CDI is a type of depositary receipt that allows investors to obtain all the economic benefits of owning securities without holding legal title to them, and are used to facilitate companies incorporated outside of Australia listing on the ASX. Each New Alcoa CDI will represent a beneficial interest in one New Alcoa Share and will have economic and other rights largely equivalent to the rights attaching to a New Alcoa Share. Alcoa CDIs will be quoted and traded on ASX in Australian dollars under a symbol to be advised before implementation of the Scheme.

The underlying New Alcoa Share is held on trust and registered in the name of CDN. CDN is a wholly-owned subsidiary of ASX and is the legal owner of the underlying securities but the CDI holder receives all direct economic benefits attaching to the underlying securities.

Each New Alcoa CDI will represent a beneficial interest in one New Alcoa Share and will have the rights that are economically equivalent to the rights attaching to a New Alcoa Share, except for certain differences noted in section 3.4(g).

(d) New Alcoa Preferred Shares

A New Alcoa Preferred Share is a fully paid Alcoa Preference Share to be issued as Scheme Consideration to Bestbuy as outlined in section 3.3.

There will be no public market for the Alcoa Preference Shares, nor is there expected to be any such market in the near future. Please refer to section 6.17 for more details on the New Alcoa Preferred Shares.

(e) Eligibility and limitations

An Alumina Shareholder is only entitled to receive the Scheme Consideration if they hold Alumina Shares on the Scheme Record Date (currently expected to be 7.00pm on Thursday, 25 July 2024). Ineligible Foreign Shareholders will not receive Scheme Consideration in the form of New Alcoa CDIs. Instead, they will receive their pro rata share of the Net Cash Proceeds of the sale of the New Alcoa Shares that they would otherwise have been entitled to receive (in the form of New Alcoa CDIs) (see section 3.4(h)).

As outlined in section 3.3, there are specific arrangements in place in relation to the CITIC Shareholders to enable their compliance with the US Bank Holding Act.

(f) Key features of Alcoa CDIs

(i) General

Except for certain differences noted in section 3.4(g) below, the rights attaching to Alcoa CDIs are economically equivalent to the rights attaching to Alcoa Shares, and Alcoa will generally be required to treat holders of Alcoa CDIs as if they were the holders of the Alcoa Shares represented by those Alcoa CDIs.

In accordance with clauses 4.6 and 13.4(r) of the Scheme Implementation Deed, all New Alcoa Shares, and New Alcoa CDIs, will rank equally in all respects with all other Alcoa Shares on issue.

(ii) Ratio

Each Alcoa CDI will represent one Alcoa Share.

(iii) Voting

Holders of Alcoa CDIs will be sent notices of meetings of Alcoa Stockholders at the same time as they are sent to Alcoa Stockholders. As holders of Alcoa CDIs are not registered holders of the Alcoa Shares represented by Alcoa CDIs, they will not be automatically entitled to vote at a meeting of Alcoa Stockholders.

However, the holder of an Alcoa CDI can direct CDN to cast votes in a particular manner on their behalf to exercise the votes attaching to the Alcoa Shares represented by the holder's Alcoa CDIs. If a holder of an Alcoa CDI wishes to vote at a meeting of Alcoa Stockholders in their personal capacity (rather than directing CDN to vote), the holder must first transmute their Alcoa CDIs into the underlying Alcoa Shares in sufficient time before the record date for the meeting.

(iv) Takeovers

Under the ASX Settlement Rules, CDN will not accept a takeover offer in respect of any Alcoa CDIs representing Alcoa Shares unless instructed to do so by the holder of the Alcoa CDIs. It is CDN's responsibility to ensure that the bidder processes those acceptances.

(v) Communications from Alcoa

Alcoa will communicate directly with holders of Alcoa CDIs with respect to corporate actions. To the extent practicable, Alcoa will send notices and other documents (e.g. notices of meetings) to holders of Alcoa CDIs at the same time as they are sent to Alcoa Stockholders.

(vi) Trading

Following the listing of the Alcoa CDIs on ASX, Alcoa CDIs can be traded on ASX. Alcoa CDIs will not be tradeable on NYSE. If a holder of Alcoa CDIs wishes to trade on the NYSE, they must convert the Alcoa CDIs into Alcoa Shares (see section 3.4(f)(ix)).

(vii) Dividends

Dividends paid on Alcoa Shares will be distributed by direct credit to holders of Alcoa CDIs in Australian dollars, unless they elect to receive payment in US dollars, New Zealand dollars or in British pounds sterling by providing their banking details for those currencies. In addition, Alcoa CDI holders may choose to utilise Computershare's Global Wire payment solution to receive payment in other currencies.

Dividend record and payment dates will be the same for Alcoa CDIs and Alcoa Shares. See sections 6.6 and 7.3(e) for further details on Alcoa's intentions in relation to dividends.

(viii) Evidence of ownership

If New Alcoa CDIs are issued to you under the Scheme, you will receive a holding statement or confirmation advice in respect of your Alcoa CDIs rather than a holding statement for the underlying Alcoa Shares. Revised holding statements will be provided on a periodic basis if there is a change in the number of New Alcoa CDIs held by you. New Alcoa CDIs may be held on an issuer sponsored subregister or on a CHESS subregister. New Alcoa CDIs issued under the Scheme will be received:

- on the Alcoa CDI issuer sponsored subregister, to the extent they are issued for New Alcoa Shares held on the Alcoa issuer sponsored subregister as at the Scheme Record Date; and
- on the Alcoa CDI CHESS subregister, to the extent they are issued for New Alcoa Shares held on the Alcoa CHESS subregister as at the Scheme Record Date.

(ix) Conversion of New Alcoa CDIs into Alcoa Shares

Holders of Alcoa CDIs may at any time (following the Implementation Date) request to convert (or "transmute") their Alcoa CDIs into Alcoa Shares listed on NYSE by contacting:

- Computershare, the Alcoa CDI registry, if their Alcoa CDIs are held directly on the Alcoa CDI issuer sponsored subregister. Alcoa CDI holders will be provided with a CDI cancellation request form for completion and return to the Alcoa CDI registry; or
- their sponsoring participant (usually their broker), if their Alcoa CDIs are held on the Alcoa CDI CHESS subregister. In this case, your sponsoring broker will arrange for completion of the relevant form and its return to Computershare.

Computershare will then arrange for the transfer of Alcoa Shares from CDN to the former Alcoa CDI holder and, depending on the request made, issue the Alcoa Shares to the former Alcoa CDI holder in book-entry form directly on the United States share register or deliver to their account held with a participant within The Depository Trust Company, United States central securities depository. Trading on the ASX will no longer be possible.

It is expected that requests for conversion will ordinarily be processed by the next business day, provided that Computershare is in receipt of a duly completed and valid CDI cancellation request form. However, no guarantee can be given about the time for this conversion to take place.

Computershare will not charge an individual Alcoa CDI holder a fee for transmuting Alcoa CDIs into Alcoa Shares, although a cross-border transaction fee may be charged by any intermediaries.

No trading of the underlying Alcoa Shares can take place on NYSE until the conversion process has been completed. The decision whether to transmute Alcoa CDIs to Alcoa Shares will depend on your individual circumstances. You should seek advice from your own legal, financial, tax or other professional advisers before deciding whether to transmute Alcoa CDIs to Alcoa Shares.

It will also be possible for holders of Alcoa Shares to transmute their Alcoa Shares into Alcoa CDIs via a similar process, if so desired. This occurs by transferring the legal title in the Alcoa Shares to CDN, followed by the issuance of Alcoa CDIs to the holder on either the Alcoa CDI issuer sponsored subregister or the Alcoa CDI CHESS subregister (as selected by the holder).

(g) Differences between holding Alcoa Shares and Alcoa CDIs

(i) Principal differences between holding Alcoa CDIs and Alcoa Shares

The principal difference between holding an Alcoa CDI and holding an Alcoa Share is that the holder of an Alcoa CDI has an indirect, beneficial interest in the Alcoa Share underlying their Alcoa CDI instead of directly owning the Alcoa Share. This means that the holder of the Alcoa CDI is not the holder of the underlying Alcoa Share and therefore:

- cannot directly trade the underlying Alcoa Share; and
- is a beneficial holder (rather than a registered legal holder) of the underlying Alcoa Share.

(ii) Other differences

(A) Exercise of shareholder rights

As holders of Alcoa CDIs are not registered shareholders of Alcoa, the rights attaching to Alcoa Shares which underline their Alcoa CDIs must be exercised by CDN. A holder of Alcoa CDIs may instruct CDN to exercise those rights on their behalf. In contrast, a registered holder of Alcoa Shares can directly exercise the rights attaching to their Alcoa Shares in such manner as they choose. For example, as described above, a holder of an Alcoa CDI cannot vote at an Alcoa meeting as an Alcoa Stockholder but can direct CDN how to vote at that Alcoa Stockholder meeting.

(B) Alcoa CDIs will be quoted and trade on ASX and Alcoa Shares will be quoted and trade on NYSE

Alcoa CDIs will be tradeable on ASX only. Alcoa CDIs may only be traded during Australian business hours using Australian brokers in prices quoted in AUD.

Alcoa Shares will be tradeable on NYSE only. They will not be quoted or tradeable on ASX. Accordingly, investors who wish to trade Alcoa Shares must first transmute their Alcoa CDIs into the underlying Alcoa Shares before being able to trade on the open market via the NYSE. Such trades on the NYSE must be undertaken through a broker entitled to trade on NYSE. It is the responsibility of Alumina Shareholders to ensure that appropriate arrangements are in place if they wish to transmute their Alcoa CDIs into the underlying Alcoa Shares so that they can hold and trade Alcoa Shares on NYSE.

See section 8.4 for further discussion of the liquidity of the market for Alcoa CDIs and the potential risk that they may trade at a discount to Alcoa Shares on NYSE.

(h) Ineligible Foreign Shareholders

Ineligible Foreign Shareholders are Alumina Shareholders whose Registered Address is a place other than Australia and its external territories, British Virgin Islands, Norway, Canada, Hong Kong, New Zealand, Singapore, Switzerland, the European Union, the United Arab Emirates, the United Kingdom or the United States.

Nominees, custodians and other Alumina Shareholders who hold Alumina Shares on behalf of a beneficial owner resident outside Australia, British Virgin Islands, Canada, Hong Kong, New Zealand, Norway, Singapore, Switzerland, the European Union, the United Arab Emirates, the United Kingdom and the United States may not forward this Scheme Booklet to anyone outside these countries without the consent of Alumina.

(i) Sale Facility

(i) Sale Facility Mechanics

Alcoa will, on behalf of all Ineligible Foreign Shareholders, assist in establishing the Sale Facility, pursuant to which the Sale Agent, on behalf of all Ineligible Foreign Shareholders, will sell any New Alcoa Shares that an Ineligible Foreign Shareholder would otherwise be entitled to receive in the form of New Alcoa CDIs (**Ineligible Shares**).

Acting on behalf of all Ineligible Foreign Shareholders, the Sale Agent will, as soon as reasonably practicable after the Implementation Date (and in any event within 15 days after the Ineligible Shares are capable of being traded on NYSE), sell all of the Ineligible Shares (including on an aggregated or partially aggregate basis) in the ordinary course of trading on NYSE at such price and in such manner as the Sale Agent reasonably determines in good faith.

The Sale Agent will then remit the proceeds of such sale (net of any applicable brokerage, stamp duty and other selling costs, taxes and charges) to a designated nominee of Alcoa Bidder as soon as reasonably practicable after settlement (and in any event within 10 Business Days). The designated nominee of Alcoa Bidder will procure the payment of an amount equal to the proportion of the Net Cash Proceeds of the sale to each entitled Ineligible Foreign Shareholder in full satisfaction of the Ineligible Foreign Shareholder's entitlement to the relevant New Alcoa CDIs, in accordance with the following formula and rounded to the nearest cent:

A = (B/C) x D

Where:

A is the amount to be paid to the Ineligible Foreign Shareholder;

B is the number of Ineligible Shares attributable to, and that would otherwise have been issued to (in the form of New Alcoa CDIs), that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder;

C is the number of Ineligible Shares attributable to, and which would otherwise have been issued to all Ineligible Foreign Shareholders collectively (in the form of New Alcoa CDIs); and

D is the Net Cash Proceeds.

The designated nominee of Alcoa Bidder will make, or procure the making of, payments to Ineligible Foreign Shareholders by either (in the absolute discretion of the designated nominee of Alcoa Bidder):

- paying, or procuring the payment of, the relevant amount in Australian dollars by electronic means to a bank account nominated by the Ineligible Foreign Shareholder by an appropriate authority from the Ineligible Foreign Shareholder to the designated nominee of Alcoa Bidder; or
- if a bank account has not been nominated by the Ineligible Foreign Shareholder:
  - if an Ineligible Foreign Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Alumina Share Registry to receive dividend payments in Australian dollars from Alumina by electronic funds transfer, to a bank account nominated by the Ineligible Foreign Shareholder, paying, or procuring the payment of, the relevant amount in Australian dollars by electronic means in accordance with that election;
  - by Global Wire Payment Service, if an Ineligible Foreign Shareholder has elected to receive payments electronically in their local currency using Alumina Registry's Global Wire Payment Service; or
  - otherwise, dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian dollars to the Ineligible Foreign Shareholder by prepaid post to their registered address, such cheque being drawn in the name of the Ineligible Foreign Shareholder.

Ineligible Foreign Shareholders can nominate their bank account or update their bank account details on the Alumina Share Registry website at www.investorcentre.com/au. If they have already registered, they can log in using their User ID and password. If they are not a member, they will need their HIN/SRN to register. The new user registration process requires an account verification code to be mailed to the Shareholder's registered address as an additional layer of security to protect their securityholding. Ineligible Foreign Shareholders should allow sufficient time for delivery of the verification code so that they can update their bank account details before the Scheme Record Date.

Cheques will not be issued to Ineligible Foreign Shareholders in Papua New Guinea. Ineligible Foreign Shareholders with a registered address in Papua New Guinea must nominate a valid bank account before the Scheme Record Date to receive the Net Cash Proceeds directly into their bank account. If they do not provide their bank account details, the Net Cash Proceeds will be withheld pending receipt of payment instructions or dealt with under the *Unclaimed Money Act 2008* (VIC).

Interest will not be paid on the Net Cash Proceeds. The payment of the Net Cash Proceeds will be in full satisfaction of the rights of Ineligible Foreign Shareholders under the Scheme.

(ii) Value of the Sale Facility Net Cash Proceeds

None of Alcoa, Alcoa Bidder, Alumina or the Sale Agent gives any assurances as to the price that will be achieved for the sale of Ineligible Shares or the amount of the Net Cash Proceeds to be received by Ineligible Foreign Shareholders.

The Net Cash Proceeds received by the Ineligible Foreign Shareholders will depend on the price at which each Ineligible Share can be sold by the Sale Agent at the relevant time and the amount of any applicable brokerage, taxes and charges incurred by the Sale Agent in connection with the sales under the Sale Facility. Accordingly, the cash amount received by the Ineligible Foreign Shareholder may be different (either more or less) than the value of the New Alcoa CDIs they would have received if they were not an Ineligible Foreign Shareholder.

(j) Commencement of trading of New Alcoa CDIs and New Alcoa Shares

Deferred settlement trading of New Alcoa CDIs is expected to be available on ASX from Wednesday, 24 July 2024.

Trading on ASX of New Alcoa CDIs is expected to commence on a normal settlement basis on Friday, 2 August 2024.

Trading on NYSE of New Alcoa Shares is expected to commence on the next Pittsburgh Business Day after the Implementation Date (which is currently expected to be Thursday, 1 August 2024 (Eastern Time)).

(k) Issuance of Scheme Consideration

Alcoa and Alcoa Bidder have entered into the Deed Poll under which Alcoa and Alcoa Bidder have covenanted in favour of Scheme Participants such that in accordance with the Scheme:

- Alcoa Bidder will provide or procure the provision of the Scheme Consideration to each Scheme Participant; and
- Alcoa Bidder agrees to cause Alcoa to, and Alcoa will at the direction of and on behalf of Alcoa Bidder (in satisfaction of Alcoa Bidder's obligation to provide such Scheme Consideration to the Scheme Participants), issue the Scheme Consideration.

If the Scheme becomes Effective, the obligations of Alcoa Bidder to provide or procure the provision of the Scheme Consideration to the Scheme Participants will be satisfied:

- in the case of Scheme Consideration that is required to be provided to Scheme Participants in the form of New Alcoa CDIs, by Alcoa Bidder procuring:
  - the issue to CDN to be held on trust of that number of New Alcoa Shares that will enable New Alcoa CDIs to be issued on the Implementation Date;
  - that the name and address of CDN is entered into the Alcoa Share Register in respect of those New Alcoa Shares no later than the Implementation Date;
  - that a holding statement (or equivalent document) in the name of CDN representing those New Alcoa Shares or such other document evidencing the issuance of those New Alcoa Shares to CDN is sent to CDN;
  - that on the Implementation Date, each such Scheme Participant is issued with the number of New Alcoa CDIs to which it is entitled;

– that on the Implementation Date, the name of each such Scheme Participant is entered in the records maintained by Alcoa as the holder of the New Alcoa CDIs issued to that Scheme Participant on the Implementation Date;
– in the case of each such Scheme Participant who held Alumina Shares on the CHESS subregister, that:
  - the New Alcoa CDIs are held on the CHESS subregister on the Implementation Date; and
  - on the second Business Day sending or procuring the sending of an allotment advice that sets out the number of New Alcoa CDIs held on the CHESS subregister by that Scheme Participant;
– in the case of each such Scheme Participant who held Alumina Shares on the issuer sponsored subregister, that:
  - the New Alcoa CDIs are held on the issuer sponsored subregister on the Implementation Date; and
  - on the second Business Day sending or procuring the sending of a holding statement to each such Scheme Participant which sets out the number of New Alcoa CDIs held on the issuer sponsored subregister by that Scheme Participant;
– in the case of Scheme Consideration that is required to be provided to Bestbuy in the form of New Alcoa Preferred Shares, by Alcoa Bidder procuring that:
  - on the Implementation Date, Bestbuy is issued with the number of New Alcoa Preferred Shares to which it is entitled as described in section 3.3 and the name and address of Bestbuy is entered into the Alcoa Share Register in respect of those New Alcoa Preferred Shares; and
  - a holding statement (or equivalent document) or evidence of book entry on the share ledger is sent to Bestbuy which sets out the number of New Alcoa Preferred Shares issued to pursuant to this Scheme; and
– in the case of Scheme Consideration that is required to be provided to the ADS Depositary or the ADS Custodian, by Alcoa Bidder procuring that:
  - on the Implementation Date, the ADS Depositary or the ADS Custodian (as applicable) is issued with New Alcoa Shares to which it is entitled and, the name and address of the ADS Depositary or the ADS Custodian (as applicable) is entered in the Alcoa Share Register with respect to those New Alcoa Shares; and
  - on or before the date that is 5 Business Days after the Implementation Date, a holding statement (or equivalent document) is sent to the Registered Address of the ADS Depositary or the ADS Custodian (as applicable) representing the number of New Alcoa Shares issued to the ADS Depositary or the ADS Custodian (as applicable) pursuant to the Scheme.

The treatment of Ineligible Foreign Shareholders and the provision of Net Cash Proceeds instead of Scheme Consideration to them is addressed in sections 3.4(h) and 3.4(i).

(l) Fractional entitlements

If the number of Alumina Shares held by a Scheme Participant at the Scheme Record Date is such that the aggregate entitlement of the Scheme Participant to New Alcoa CDIs, New Alcoa Preferred Shares or New Alcoa Shares (as applicable) includes a fractional entitlement to a New Alcoa CDI, New Alcoa Preferred Shares or New Alcoa Shares (as applicable), the fractional entitlement will be rounded as follows:

- less than 0.5, it will be rounded down to zero; and
- equal to or more than 0.5, it will be rounded up to one.

If Alumina or Alcoa is of the opinion that two or more Scheme Participants have, before the Scheme Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to such rounding, Alumina must provide the relevant details of the relevant Scheme Participant to Alcoa, and if requested by Alcoa, Alumina must give notice to those Scheme Participants:

- setting out their names and registered addresses as shown in the Alumina Share Register;
- stating that opinion; and
- attributing to one of them specifically identified in the notice the Alumina Shares held by all of them.

After such notice has been given, the Scheme Participant specifically identified in the notice as the deemed holder of the specified Alumina Shares will, for the purposes of the provisions of the Scheme, be taken to hold all of those Alumina Shares and each of the other Scheme Participants whose names and registered addresses are set out in the notice will, for the purposes of the Scheme, be taken to hold no Alumina Shares.

3.5 CONDITIONS PRECEDENT

The Scheme is subject to a number of Conditions Precedent set out in clause 3.1 of the Scheme Implementation Deed and summarised below:

Condition Precedent	Status as at Last Practicable Date
FIRB approval: the Treasurer (or a delegate) advises Alcoa that the Commonwealth of Australia has no objections to Alcoa Bidder acquiring Alumina, or the Treasurer ceases to be empowered to make any order under Part 3 of the FIRB Act.	Alcoa and Alcoa Bidder gave notice of the Transaction to the Federal Treasurer on 14 March 2024. A decision is expected by 14 June 2024, however that date may be subject to extension by FIRB. Alumina will release an ASX announcement to provide an update on the status of the FIRB approval once a decision has been received by Alcoa and Alcoa Bidder.
ACCC: the ACCC advises that it does not intend to conduct a public review of, intervene in, or otherwise oppose Alcoa Bidder acquiring Alumina under the Scheme.	On 19 April 2024, the ACCC confirmed that it does not intend to conduct a public review of the Transaction pursuant to section 50 of the *Competition and Consumer Act 2010* (Cth).
Brazil competition approval: the Brazil Administrative Council for Economic Defense (**CADE**) provides clearance of Alcoa Bidder acquiring Alumina under the Scheme.	On 29 May 2024, CADE certified that the applicable term for intervention or 'call-back' of the application had elapsed and that consequently CADE's decision published in the Official Gazette of Brazil on 13 May 2024 to approve the application was final.
Alumina Shareholder approval: the Alumina Shareholders approve the Scheme by the Requisite Majorities at the Scheme Meeting.	The Scheme Meeting is scheduled for Thursday, 18 July 2024.
Alcoa Stockholder approval: the Alcoa Stockholders approve the Alcoa Stockholder Resolution by the requisite majority in accordance with the NYSE Listing Rules.	The Alcoa Stockholder Meeting is scheduled for Tuesday, 16 July 2024 (Eastern Time).
Court Approval: the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.	The Second Court Hearing is scheduled for Monday, 22 July 2024.
ATO Class Ruling: Alumina receives confirmation from the ATO that it is prepared to issue an ATO Class Ruling for Roll-Over Relief.	The application for the Class Ruling has been lodged with the ATO and Alumina considers that the ATO should provide this confirmation prior to the Second Court Date.
Regulatory intervention: no Australian or United States court or Australian or United States Regulatory Authority has issued or enacted any law, order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any similar action or otherwise imposed a legal restraint preventing the implementation of the Scheme.	Neither Alumina nor Alcoa is aware of anything that would cause this Condition Precedent not to be satisfied.
Independent Expert: the Independent Expert has issued the Independent Expert's Report and concluded that the Scheme is in the best interests of the Alumina Shareholders before this Scheme Booklet is registered with ASIC, and does not change or withdraw its conclusion.	The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Alumina Shareholders, in the absence of a superior proposal and has not changed or withdrawn its conclusion. See further details in Section 11.3.
No Alumina Prescribed Event: no Alumina Prescribed Event occurs.	Alumina is not aware of anything that would cause this Condition Precedent not to be satisfied.
No Alcoa Prescribed Event: no Alcoa Prescribed Event occurs.	Alcoa is not aware of anything that would cause this Condition Precedent not to be satisfied.
ASX quotation: the New Alcoa CDIs are approved for official quotation on ASX.	An application in respect admission of Alcoa to the Official List of ASX (as a Foreign Exempt Listing), and approval of the New Alcoa CDIs for quotation on ASX, has been lodged with ASX.
NYSE listing: the New Alcoa Shares are approved for listing on NYSE, subject only to customary conditions.	The approval for quotation on NYSE is expected to occur following Alcoa Stockholder approval.

3.6 TREATMENT OF EQUITY INCENTIVES

Alumina provides equity incentives to employees in the form of (a) ESP Entitlements under the Employee Share Plan; and (b) Conditional Rights under the Share Rights Grant Plan (together, the **Employee Share Rights**).

Under the Scheme Implementation Deed, Alumina is required to ensure that, by the Effective Date, no Employee Share Rights are outstanding. Accordingly, if there is a change of control, the Alumina Board intends to exercise its discretions so that the performance conditions for unvested ESP Entitlements are waived and the exercise period is shortened. Further, under the terms of the grant, all restrictions on transferring shares to holders of Conditional Rights and dealing in the shares transferred will lapse. This includes allowing unvested rights to vest and freeing restricted shares of dealing restrictions. The Board may at its option pay the value of the ESP Entitlements and the Conditional Rights in cash.

Further detail regarding the Employee Share Rights is set out in Alumina's remuneration report (which is included in Alumina's Annual Financial Report) for the year ended 31 December 2023.

3.7 DEEMED WARRANTY BY SCHEME PARTICIPANTS

Under the terms of the Scheme, each Scheme Participant is taken to have warranted to Alcoa Bidder, and authorised Alumina as its attorney and agent to warrant to Alcoa Bidder, on the Implementation Date, that:

- all their Alumina Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12(1) of (2) of the PPSA), rights of first refusal, pre-emptive rights and any similar restriction;
- they have full power and capacity to transfer their Alumina Shares (together with any rights and entitlements attaching to those shares) under the Scheme to Alcoa Bidder; and
- they have no existing right to be issued any Alumina Shares, or any options, performance rights, securities or other instruments exercisable, or convertible, into Alumina Shares.

3.8 DEED POLL

A Deed Poll has been entered into by Alcoa and Alcoa Bidder in favour of the Scheme Participants, to:

- provide, or procure the provision of, the Scheme Consideration to all Scheme Participants under the Scheme, subject to the Scheme becoming Effective; and
- undertake all other actions attributed to Alcoa and Alcoa Bidder under the Scheme.

A copy of the Deed Poll is included in Annexure E.

3.9 TAXATION IMPLICATIONS

A general description of the Australian taxation consequences of the Scheme (assuming it becomes Effective) for Scheme Participants is set out in section 9. It does not constitute tax advice and should not be relied on as such. Each Alumina Shareholder should seek and rely on their own independent tax advice in relation to their particular circumstances.

3.10 DELISTING OF ALUMINA

After the Scheme has been implemented, Alumina will request that ASX removes it from the Official List of ASX. Delisting is expected to occur one Business Day following the Implementation Date.

SECTION

04

Scheme Meeting and how to vote

4.1 YOUR VOTE IS IMPORTANT

Your vote is important because the Scheme can only proceed if it is approved by Alumina Shareholders at the Scheme Meeting by the Requisite Majorities. However, voting is not compulsory.

The Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer[25] recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Alumina Shareholders.[26] Each of the Independent Alumina Directors and Alumina's Managing Director and Chief Executive Officer intends to vote, or cause to be voted, all Alumina Shares which they hold or control in favour of the Scheme, subject to the same qualifications.

If you are unable to attend the Scheme Meeting in person or online, the Alumina Directors urge you to lodge your proxy form in one of the ways set out in section 4.5.

4.2 DETAILS OF SCHEME MEETING

The details of the Scheme Meeting are as follows:

Location	Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia
Date	Thursday, 18 July 2024
Time	2.00pm (AEST)
Online link	www.meetnow.global/M2QDVXW

4.3 ELIGIBILITY TO VOTE

If you are a registered Alumina Shareholder on the Alumina Share Register at 7.00pm on Tuesday, 16 July 2024, you will be entitled to attend and vote at the Scheme Meeting.

4.4 VOTING BY JOINT HOLDERS

In the case of Alumina Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one joint holder votes in respect of jointly held Alumina Shares, only the vote of the Alumina Shareholder whose name appears first in the Alumina Share Register will be counted.

4.5 HOW TO VOTE

Alumina Shareholders who are entitled to vote can vote in the following ways:

- **In person**, by attending the Scheme Meeting at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia.
- **Online**, by attending the Scheme Meeting online at www.meetnow.global/M2QDVXW.
- **By proxy**, by lodging a proxy form in one of the following ways:
  - **online:** at www.investorvote.com.au (or www.intermediaryonline.com for relevant intermediaries who participate in the Intermediary Online service) or on their smartphone using the QR code on the Proxy Form. Alumina Shareholders will require their SRN or HIN and the postcode for their shareholding to submit a proxy form online;
  - **by mail:** in the reply-paid envelope included with a hardcopy of this Scheme Booklet to Alumina Limited c/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia;
  - **by hand delivery:** to the Alumina Share Registry at Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia during business hours (Monday – Friday, 9.00am – 5.00pm); or
  - **by fax:** to the Alumina Share Registry (within Australia) 1800 783 447 (outside Australia) +61 (0)3 9473 2555.

  Proxyholders will need to contact Computershare Investor Services on +61 3 9415 4024 to request their unique email invitation.
- **By attorney:** by appointing an attorney to attend and vote at the Scheme Meeting on your behalf. An attorney may only vote at the Scheme Meeting if the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority are provided to Alumina prior to the Scheme Meeting (unless it has been previously provided to Alumina). If a validly appointed attorney intends to attend and vote at the Scheme Meeting via the online platform, that attorney will require the appointing Alumina Shareholder's name and postcode and the SRN or HIN of the shareholding in order to access the online platform.
- **By corporate representative:** by an individual appointed to attend and vote at the Scheme Meeting as the corporate representative of the Alumina Shareholder, if the Alumina Shareholder is a body corporate. This appointment must comply with the requirements of the Corporations Act. The corporate representative must ensure that Alumina has received a certificate of appointment and any authority under which the appointment is signed, prior to the Scheme Meeting (unless this has previously been provided to Alumina). A form of notice of appointment can be obtained from www.investorcentre.com. If a validly appointed corporate representative intends to attend and vote at the Scheme Meeting via the online platform, the corporate representative will require the appointing Alumina Shareholder's name and postcode and the SRN or HIN of the shareholding in order to access the online platform.

Proxy appointments must be received by 2.00pm (AEST) on Tuesday,16 July 2024. Alumina ADS Holders should refer to section 11.4 for information on voting.

25. Alumina Shareholders should note that Alumina's Managing Director and Chief Executive Officer, Mike Ferraro, will receive certain benefits in connection with the Scheme, which are described in section 11.2 of this Scheme Booklet. These benefits include the vesting of unvested ESP Entitlements and Conditional Rights valued at A$3,038,860 and A$1,398,391 respectively, based on the value of Alumina Shares at the close of trading on the Last Practicable Date. Despite his interest, Mr Ferraro considers that given the importance of the Scheme and his role as Managing Director and CEO, it is important and appropriate for him to provide a recommendation to Alumina Shareholders in relation to voting on the Scheme. Additionally, the Independent Alumina Directors also consider that it is important and appropriate for Mr Ferraro to provide a recommendation to Alumina Shareholders in relation to the Scheme given his role in the management and operations of Alumina. **26.** The Non-Independent Non-Executive Alumina Director abstains from making a recommendation.

SECTION

05

Information on Alumina

5.1 OVERVIEW OF ALUMINA

Alumina is a company registered in Victoria, Australia and governed by the Corporations Act. Alumina Shares are listed on ASX. Alumina also has ADSs traded on the over-the-counter market in the United States in a program administered by the Bank of New York Mellon as depositary.

Alumina is the 40% partner in the AWAC joint venture with a portfolio of assets in Australia, Brazil, Spain, Saudi Arabia and Guinea, including globally leading bauxite mines and alumina refineries. AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia. Alcoa holds the remaining 60% interest in AWAC and is the operator of the AWAC joint venture. Further information about AWAC is set out in Section 6.2.

5.2 ALUMINA BOARD AND SENIOR MANAGEMENT

The Alumina Board currently comprises the following Alumina Directors:

Name	Position
W Peter Day	Chair, Independent Non-Executive Director
Mike Ferraro	Managing Director and Chief Executive Officer
Chen Zeng	Non-Executive Director
Deborah O'Toole	Independent Non-Executive Director
John A Bevan	Independent Non-Executive Director
Shirley In't Veld	Independent Non-Executive Director
Alistair Field	Independent Non-Executive Director

Alumina's senior management team comprises the following members:

Name	Position
Mike Ferraro	Managing Director and Chief Executive Officer
Katherine Kloeden	General Counsel & Company Secretary
Galina Kraeva	Chief Financial Officer
Craig Evans	General Manager – Strategy & Investor Relations
Liping Li	Senior Manager – Strategy and Markets

If the Scheme does not proceed, the current senior management and the Board of Alumina will remain. If the Scheme is approved, the intentions of Alcoa in relation to employees generally is set out in section 7.3(f).

5.3 HISTORICAL FINANCIAL INFORMATION

(a) Overview

The financial information of Alumina set out in this section 5.3 (**Alumina Financial Information**) comprises:

- Alumina Consolidated Statement of Profit or Loss for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarters ended 31 March 2024 and 31 March 2023;
- Alumina Consolidated Balance Sheet as at 31 March 2024, 31 December 2023 and 31 December 2022;
- Alumina Consolidated Statement of Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarters ended 31 March 2024 and 31 March 2023; and
- Alumina Consolidated Statement of Changes in Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarters ended 31 March 2024 and 31 March 2023.

PricewaterhouseCoopers Securities Ltd (as Investigating Accountant), has reviewed the:

- Alumina Consolidated Statement of Profit or Loss for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024;
- Alumina Consolidated Balance Sheet as at 31 March 2024;
- Alumina Consolidated Statement of Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024; and
- Alumina Consolidated Statement of Changes in Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024;

in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Independent Limited Assurance Report, included in Annexure B. Alumina Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

Alumina's full year financial statements, including all notes to those financial statements, and a description of Alumina's significant accounting policies can be found in:

- Alumina's Annual Financial Report for the financial year ended 31 December 2023 (released to the ASX on 28 March 2024);
- Alumina's Annual Financial Report for the financial year ended 31 December 2022 (released to the ASX on 29 March 2023); and
- Alumina's Annual Financial Report for the financial year ended 31 December 2021 (released to the ASX on 30 March 2022).

The full reports are available on Alumina's website at https://www.aluminalimited.com or on the ASX (www.asx.com.au).

This section 5.3 should be read in conjunction with the risks to which Alumina is subject and the risks associated with the Scheme, as set out in section 8.

(b) Basis of preparation

The Alumina Financial Information is intended to assist Alumina Shareholders in understanding the financial performance, financial position and cash flows of Alumina. The Alumina Board is responsible for the preparation and presentation of the Alumina Financial Information.

The Alumina Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Alumina Financial Information has been derived from Alumina's consolidated financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and from Alumina's interim consolidated financial statements for the quarter ended 31 March 2024. The Alumina Financial Information is presented in USD and, unless otherwise noted, is rounded to the nearest USD million.

Alumina's consolidated financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, which were prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board **(IASB)**, were audited by PricewaterhouseCoopers, in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued unqualified audit opinions in respect of these consolidated financial statements.

Alumina's interim consolidated financial report for the quarter ended 31 March 2024 was prepared in accordance with International Accounting Standard (**IAS**) 34 *Interim Financial Reporting*. These interim consolidated financial statements do not include all of the information and notes of the type normally included in annual financial statements. PricewaterhouseCoopers performed a review of Alumina's interim consolidated financial statements in accordance with the American Institute of Certified Public Accountants (**AICPA**) – AU-C Sec. *930 Interim Financial Information*. PricewaterhouseCoopers issued an unqualified review report in respect of these interim consolidated financial statements.

The Alumina Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements, or comparative information that is required by Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act and/or IFRS and IAS 34 (as applicable). The respective audit opinion and review report for the year ended 31 December 2023 and quarter ended 31 March 2024 contain an emphasis of matter, drawing attention to the sections "Basis of preparation – going concern" and "Going concern" in the Notes to the consolidated financial statements and the interim consolidated statements respectively. The notes describe that Alumina has entered into a Scheme Implementation Deed with Alcoa and completion of the transaction will give rise to a review event under Alumina's syndicated revolving cash advance facility agreement. Should a review event arise Alumina may be required by the lenders to repay without penalty (other than break costs) all outstanding loans together with accrued interest and other amounts within 90 business days of notice. These conditions, indicate that a material uncertainty exists that may cast significant doubt on the Alumina Group's ability to continue as a going concern. The audit opinion and review report are not modified in respect of this matter.

(c) Alumina Consolidated Statement of Profit or Loss

The Alumina Consolidated Statement of Profit or Loss for years ended 31 December 2023, 31 December 2022 and 31 December 2021 and for the quarters ended 31 March 2024 and 31 March 2023 are set out in the following table:

Table 5.3.1

ALUMINA CONSOLIDATED STATEMENT OF PROFIT OR LOSS[1]

US$ millions	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Quarter ended 31 March 2024	Quarter ended 31 March 2023
Revenue from continuing operations	1	1	–	–	0
Share of net profit/(loss) of associates accounted for using the equity method	(119)	120	205	(42)	1
General and administrative expenses	(12)	(13)	(13)	(6)	(3)
Foreign exchange gains/(losses)	0	0	–	–	–
Finance costs	(20)	(4)	(4)	(6)	(4)
Profit/(loss) before income tax	**(150)**	**104**	**188**	**(54)**	**(6)**
Income tax expense	–	–	–	–	–
Profit/(loss) for the year/quarter attributable to the owners of Alumina Limited	**(150)**	**104**	**188**	**(54)**	**(6)**

Notes: **(1)** The consolidated statement of profit or loss above is reclassified to align to the Alcoa presentation in section 6.11(c) and, for year ended 31 December 2023 and quarter ended 31 March 2024, for incorporation in the Combined Group Pro Forma Statement of Consolidated Operations. Refer to section 7.7(c) for the reconciliation. This does not result in any change to the net profit/(loss) as reported in the Alumina financial statements for years ended 31 December 2023, 31 December 2022 and 31 December 2021 and the interim financial statements for the quarters ended 31 March 2023 and 31 March 2024.

Alumina predominantly derives its income from AWAC's operations, and therefore is dependent on those market conditions and cost factors that impact AWAC. The net profit/(loss) of Alumina includes its equity share of AWAC net profit/(loss) (presented as "Share of net profit/(loss) from associates accounted for using the equity method"), it is therefore affected by its equity share of significant items contained within AWAC's results.

Share of net profit/(loss) of associates accounted for using the equity method for the year ended 31 December 2022 was $120 million, or a decrease of $85 million, or 41%, as compared to 2021, primarily as a result of lower alumina production and higher production costs as a result of higher caustic and energy prices, partially offset by higher average realised alumina price and favourable movement in fair value of energy contracts. In 2021, the share of AWAC net profit after tax includes net charges of $38 million of significant items, the main item relates to negative movements in deferred tax assets valuation allowance in Spain. In 2022, the share of AWAC net profit after tax includes net charges of $5 million of significant items.

Share of net loss of associates accounted for using the equity method for the year ended 31 December 2023 was $119 million, or a decrease of $239 million as compared to 2022, primarily as a result of lower average realized prices of alumina and aluminium, higher production costs as a result of the lower quality of bauxite grades in Western Australia and negative movement in fair value of energy contracts, partially offset by lower taxes on lower earnings and a lower net charge for valuation allowances on certain deferred tax assets in 2023 and lower energy costs, primarily in Europe. In 2023, the share of AWAC net profit after tax includes net charges of $58 million of significant items, the main item relates to negative movements in deferred tax assets valuation allowance in Brazil.

Share of net loss of associates accounted for using the equity method for the quarter ended 31 March 2024 was $42 million, or a decrease of $43 million as compared to the quarter ended 31 March 2023, primarily as a result of Kwinana restructuring costs (significant item), partially offset by higher average realised alumina price and lower cost of production as a result of lower energy and caustic costs.

(d) Alumina Consolidated Balance Sheet

The Alumina Consolidated Balance Sheet as at 31 March 2024, 31 December 2023 and 31 December 2022 is set out in the following table:

Table 5.3.2

ALUMINA CONSOLIDATED BALANCE SHEET[1]

US$ millions	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
Current assets:			
Cash and cash equivalents	3	2	4
Other assets	1	2	1
Total current assets	**4**	**4**	**5**
Non-current assets:			
Right of use asset	2	2	2
Investment in associates	1,683	1,730	1,656
Total non-current assets	**1,685**	**1,731**	**1,658**
Total assets	**1,689**	**1,735**	**1,663**
Current liabilities:			
Payables	2	3	0
Provisions and other liabilities	1	1	1
Total current liabilities	**3**	**4**	**1**

US$ millions	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022
Non-current liabilities:			
Borrowings	363	296	110
Lease liability	1	1	1
Provisions	1	1	1
Total non-current liabilities	365	298	112
Total liabilities	368	301	113
Net assets	1,321	1,434	1,549
Equity:			
Contributed equity	2,707	2,707	2,707
Treasury shares	–	(0)	(1)
Retained earnings	74	129	294
Foreign currency translation reserve	(1,527)	(1,468)	(1,518)
Other reserves	67	67	68
Total equity	1,321	1,434	1,549

Notes: **(1)** The consolidated balance sheet above is reclassified to align to the Alcoa presentation in section 6.11(d) and, for year ended 31 December 2023 and quarter ended 31 March 2024, for incorporation in the Combined Group Pro Forma Balance Sheet. Refer to section 7.7(d) for the reconciliation. This does not result in any change to the assets and liabilities as reported in the Alumina financial statements for years ended 31 December 2023, 31 December 2022 and 31 December 2021 and the interim financial statements for the quarters ended 31 March 2024 and 31 March 2023.

(e) Alumina Consolidated Statement of Cash Flows

The Alumina Statement of Cash flows for years ended 31 December 2023, 31 December 2022 and 31 December 2021 and for the quarters ended 31 March 2024 and 31 March 2023 are set out in the following table:

Table 5.3.3

ALUMINA CONSOLIDATED STATEMENT OF CASH FLOWS

US$ millions	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Quarter ended 31 March 2024	Quarter ended 31 March 2023
Cash flows from operating activities					
Payments to suppliers and employees (inclusive of goods and services tax)	(11)	(11)	(13)	(4)	(3)
GST refund received	0	1	1	0	0
Dividends received from associates	30	361	191	6	6
Finance costs paid	(19)	(4)	(3)	(7)	(4)
Tax paid	–	–	(0)	–	–
Other	0	1	–	–	–
Net cash inflow/(outflow) from operating activities	1	347	175	(5)	(1)

US$ millions	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Quarter ended 31 March 2024	Quarter ended 31 March 2023
Cash flows from investing activities					
Payments for investments in associates	(189)	(212)	(26)	(61)	(87)
Proceeds from return of invested capital	–	18	28	–	–
Net cash inflow/(outflow) from operating activities					
Cash flows from investing activities					
Payments for investments in associates	(189)	(212)	(26)	(61)	(87)
Proceeds from return of invested capital	–	18	28	–	–
Net cash inflow/(outflow) from investing activities	**(189)**	**(194)**	**2**	**(61)**	**(87)**
Cash flows from financing activities					
Proceeds from borrowings	204	164	160	72	87
Repayment of borrowings	(18)	(119)	(155)	(5)	–
Payment for shares acquired by the Alumina Employee Share Plan	–	–	(1)	–	–
Dividends paid	–	(203)	(183)	–	–
Net cash inflow/(outflow) from financing activities	**186**	**(158)**	**(179)**	**67**	**87**
Net increase/(decrease) in cash and cash equivalents	**(2)**	**(5)**	**(1)**	**1**	**(1)**
Cash and cash equivalents at the beginning of the financial year	4	9	10	2	4
Effects of exchange rate changes on cash and cash equivalents	0	(0)	(0)	–	0
Cash and cash equivalents at the end of the financial year	**2**	**4**	**9**	**3**	**3**

(f) Alumina Consolidated Statement of Changes in Equity

The Alumina Statement of Changes in Equity as at 31 December 2023, 31 December 2022 and 31 December 2021 and for the quarters presented as at 31 March 2024 and 31 March 2023 are set out in the following tables:

Table 5.3.4

ALUMINA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (YEAR END)[1]

US$ millions	Common stock	Retained earnings	Acc OCI	Total Equity
Balance at 31 December 2020	**2,706**	**339**	**(1,310)**	**1,735**
Net income	–	188	–	188
Other comprehensive income (loss)	–	33	(87)	(54)
Dividends paid	–	(183)	–	(183)
Other	(0)	–	1	0
Balance at 31 December 2021	**2,706**	**377**	**(1,397)**	**1,686**
Net income	–	104	–	104
Other comprehensive income (loss)	–	16	(54)	(38)
Dividends paid	–	(203)	–	(203)
Other	0	–	0	1
Balance at 31 December 2022	**2,706**	**294**	**(1,450)**	**1,549**
Net (loss)	–	(150)	–	(150)
Other comprehensive income (loss)	–	(15)	49	34
Other	0	–	1	1
Balance at 31 December 2023	**2,706**	**129**	**(1,401)**	**1,434**

ALUMINA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (QUARTER END)[1]

US$ millions	Common stock	Retained earnings	Acc OCI	Total Equity
Balance at 31 December 2022	**2,706**	**294**	**(1,450)**	**1,549**
Net income	–	(6)	–	(6)
Other comprehensive income (loss)	–	(5)	11	6
Other	0	–	(0)	0
Balance at 31 March 2023	**2,706**	**282**	**(1,439)**	**1,549**
Balance at 31 December 2023	**2,706**	**129**	**(1,401)**	**1,434**
Net income	–	(54)	–	(54)
Other comprehensive income (loss)	–	(1)	(58)	(59)
Other	0	–	(0)	0
Balance at 31 March 2024	**2,707**	**74**	**(1,460)**	**1,321**

Notes: **(1)** The consolidated statement of changes in equity is reclassified to align to the Alcoa presentation in section 6.11(f). This does not result in any change to the changes in equity as reported in the Alumina financial statements for years ended 31 December 2021, 31 December 2022 and 31 December 2023 and the interim financial statements for the quarters ended 31 March 2023 and 2024.

5.4 MATERIAL CHANGES IN ALUMINA'S FINANCIAL POSITION

As at the Last Practicable Date, to the knowledge of the Alumina Board, and except as disclosed in this Scheme Booklet, the financial position of the Alumina Group has not materially changed since 31 December 2023, being the latest date of the statement of financial position available for Alumina as disclosed in Alumina's Annual Financial Report for the year ended 31 December 2023.

5.5 CAPITAL AND DEBT STRUCTURE

As at the Last Practicable Date, the capital structure of Alumina was as follows:

Type of security	Total number on issue
Alumina Shares	2,901,681,417
ESP Entitlements[27]	3,057,645
Conditional Rights[28]	1,078,577

As at 31 March 2024, the debt structure of Alumina was as follows: Alumina had drawn US$363 million of its US$500 million bank debt facilities. The first tranche of this facility (US$100 million) matures in October 2025, the second tranche of this facility (US$150 million) matures in January 2026, the third tranche (US$150 million) matures in July 2026 and the fourth tranche (US$100 million) matures in June 2027.

In its most recent review, in April 2024, S&P Global Ratings downgraded Alumina's credit rating from BBB– to BB with negative outlook.

Refer to section 7.3(j) in respect of Alcoa's intentions regarding the Alumina financing arrangements.

5.6 SUBSTANTIAL SHAREHOLDERS

As extracted from substantial holder filings released to ASX on or before the Last Practicable Date, the following persons were substantial holders of Alumina Shares:

Substantial holder	Total number of Alumina Shares	Voting power in Alumina
Allan Gray Australia Pty Ltd	567,273,961	19.55%
CITIC Resources Australia Pty Ltd	547,459,208	19.01%

5.7 RECENT SHARE PRICE HISTORY

As at the Last Practicable Date:

- the recorded trading price of Alumina Shares on ASX was A$1.90;
- the 30–trading day volume weighted average price of Alumina Shares was A$1.70; and
- the lowest and highest closing prices of Alumina Shares during the previous 30-trading days were A$1.51 and A$1.90, respectively.

As at the 23 February 2024, being the last trading day prior to the announcement of the Transaction to ASX on 26 February 2024:

- the recorded trading price of Alumina Shares on ASX was A$1.02;
- the 30–trading day volume weighted average price of Alumina Shares was A$1.08; and
- the lowest and highest closing prices of Alumina Shares during the previous 30–trading days were A$0.98 and A$1.17, respectively.

The current price of Alumina Shares on ASX can be obtained from the ASX website (www.asx.com.au) or https://www.aluminalimited.com/investors/share-price/.

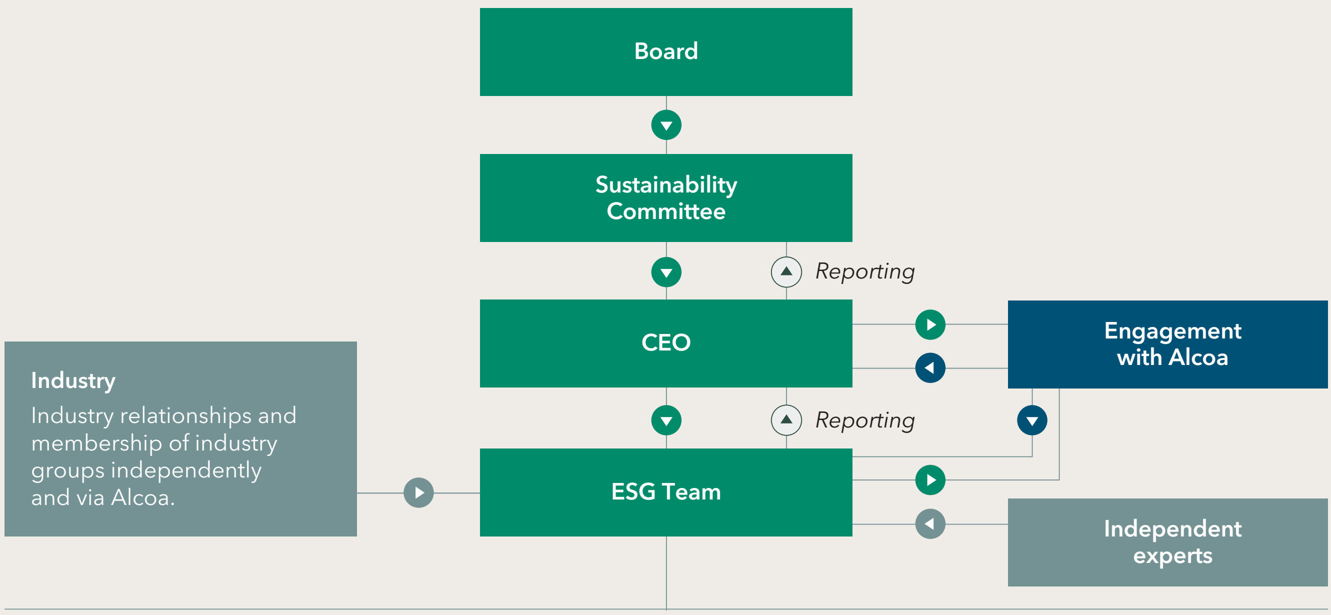
27. See section 3.6 for more detail in relation to the treatment of equity incentives. **28.** See section 3.6 for more detail in relation to the treatment of equity incentives.

Alumina Share price over the 12 months before the Last Practicable Date

5.8 ENVIRONMENT, SOCIAL AND GOVERNANCE

ESG is fundamental to Alumina's purpose of delivering long-term value to stakeholders. Alumina's key stakeholders, in the context of ESG, include any person or organisation that directly impacts, or is impacted by, its and AWAC's activities. This includes customers, suppliers, governments, employees, shareholders, community groups and non-government organisations.

Sustainability governance structure



AREAS OF RESPONSIBILITY/OVERSIGHT

Governance and reporting

Management accountabilities. Reporting including internal reporting, sustainability reporting, TCFD, accounting (AASB/SASB), training, safety, community, indigenous peoples.

Metrics and targets

Including assessment, analysis & suitability (quantitative and qualitative).

Risk management

Including sustainability materiality assessment, sustainability risk identification & assessment, mitigation, management & monitoring.

Strategy

Including sustainability roadmap, business impact, opportunities & investment e.g. assessing energy and GHG abatement options/opportunities such as hydrogen.

(a) Governance

Alumina has implemented governance practices, supported by an experienced leadership team to oversee and implement its approach to ESG.

The Alumina Board oversees Alumina's ESG matters through a Sustainability Committee. All members of the Board sit on this committee, except for Mr Michael Ferraro who generally attends Sustainability Committee meetings in his capacity as CEO.

Other Board Committees also consider ESG matters where relevant: for example, the Audit and Risk Management Committee assesses potential sustainability risks and opportunities for shareholders through the Risk Management Framework. Executive-level responsibility for sustainability topics sits with our CEO, who is briefed monthly on key metrics and current issues. The multi-disciplined ESG team is comprised of four members and is led by Alumina's General Counsel and Company Secretary.

In its role as non-operator of the joint venture, Alumina has filled a support role, monitoring and engaging with Alcoa on key environment, sustainability and safety issues relating to AWAC. See section 5.8(b) for further information relating to some of the key AWAC focus areas.

(b) Areas of focus

(i) Health and safety

AWAC's operations inherently pose health and safety hazards. AWAC is committed to prioritising health and safety, promoting a universal safety culture, supported by risk management and safety systems that aim to prevent all forms of accidents and injuries. The health and wellbeing of employees is monitored to prevent illnesses and help them perform at their best.

Alcoa's EHS Policy sets out the expectation that its systems comply with all laws, Alcoa relies on internal systems to improve standards for the company and suppliers where unacceptable risks are identified.

(ii) Impoundment management

The by-products of mining and refining can pose potential risks to surrounding communities, so it is a priority for AWAC to manage these safely and effectively at active, inactive and closed sites. AWAC's operations generate hazardous waste which is contained in tailing facilities, residue storage areas and other impoundments.

AWAC has implemented protocols relating to the design, construction, operation, and closure of storage impoundments. AWAC follows Alcoa's mandated Global Impoundment Policy, which is aligned with Alcoa's internal standards, all applicable local legal requirements, the Global Industry Standard on Tailings Management, and the International Council of Mining and Metals mandated requirements. AWAC works to minimise its impact and, when possible, rehabilitate the land for further productive use.

(iii) Climate change

Climate change is a systemic and material risk that is expected to pose challenges in the future management of AWAC operations in regard to energy usage, GHG emissions, carbon pricing policies and regulations and market demand.

Alcoa's global strategy, which is implemented by AWAC, is to reduce GHG emissions using the hierarchy of mitigation: eliminate, reduce, substitute and offset. This strategy was designed to align with achieving a below 2°C global warming scenario by 2050.

Alcoa has an ambition to reach net-zero emissions (Scope 1 and Scope 2) by 2050, with interim targets to achieve a 30 percent reduction by 2025 and a 50 percent reduction by 2030, using its 2015 baseline. AWAC's ability to reach net zero is contingent on certain factors, including:

- advancements in technologies to commercial viability;
- the availability of cost competitive renewable energy generation, which will be required to power new technologies and displace fossil fuels; and
- government policy settings that support investment in decarbonisation and options to offset remaining emissions.

AWAC's proportion of the 2022 emissions (reflecting its equity share) amounted to 8.4 Mt of GHG, which represents a 47% decrease compared to the 2010 baseline of 15.8 Mt of GHG.

All of AWAC's alumina refineries are in the first quartile for emissions intensity, with an average emissions intensity of 0.510 tonnes of CO_2e per tonne of alumina produced. This is compared to the global average of 1.26 tonnes of CO_2e per tonne of alumina produced (excluding AWAC).

(iv) Biodiversity and Mine Rehabilitation

AWAC's operations are disruptive to natural environments. It is important to aim to minimise environmental footprint, protect biodiversity, and sustainably rehabilitate the land that is used for the environment and for local communities.

(A) Biodiversity

AWAC's commitment and approach to managing biodiversity impacts and dependencies are detailed in Alcoa's Biodiversity Policy and Biodiversity Standard. For new sites and major expansion projects Alcoa's goal is to achieve 'No net loss of biodiversity'. AWAC recognises designated protected areas, and does not explore, mine, or otherwise operate in World Heritage sites.

AWAC's approach to biodiversity management is guided by the mitigation hierarchy, prioritising avoidance and minimisation of impacts. A key mitigation focus in areas disturbed by bauxite mining is to progressively return the land to an agreed post-mining condition, including restoring native vegetation.

AWAC has developed and implemented biodiversity action plans at all operating sites identified as adjacent to protected areas or within those of high biodiversity value. All other locations have a plan in effect or in development.

(B) Mine rehabilitation

Planning for rehabilitation begins in the early stages of a mine's development. This includes engagement with community stakeholders and local governments where appropriate. To minimise environmental footprint, AWAC aims to progressively rehabilitate disturbed areas during the mine's operational life and where possible, restore the land back to productive use.

(v) Water Stewardship

Water is a key raw material within AWAC's operations, particularly for ore processing, cooling, dust suppression and potable uses. Due to its valuable and often scarce nature – intensified by the growing impacts of climate change – water stewardship is an important material issue for AWAC and its stakeholders. AWAC strives to sustainably manage the water resources in and around its facilities.

AWAC's priorities for water management are outlined in Alcoa's Water Stewardship Policy, supported by its Water and Wastewater Management Standard, which is aligned with the International Council of Mining and Metals' Position Statement on Water Stewardship.

The Standard requires location-specific water management plans that consider:

- climate change and water stress;
- current and alternative water sources;
- water quality;
- security of water supplies;
- water reduction, substitution, reuse and recycling programs;
- water resource contamination risks and mitigating actions, considering local context and receiving water bodies;
- other water impacts, such as erosion, acidification and salinisation; and
- action plans for higher-risk aspects, which are reviewed at least every five years.

(vi) Local Commitment with Communities

AWAC's operations can have both positive and negative impacts on the communities in which it operates.

Effective stakeholder engagement, community partnerships and local investment are therefore essential to its continuing operations. AWAC's community impact strategy aims to understand the needs and aspirations of local communities and support their wellbeing. In this, AWAC is guided by Alcoa's Values, Code of Conduct and a Social Management System (SP360).

(c) Reporting and performance

Transparency is paramount to maintaining trust, and stakeholder expectations and reporting requirements are increasing.

In order to communicate ESG performance to stakeholders, Alumina produces an annual Sustainability Update. This Sustainability Update references the Global Reporting Initiative Standards 2021, and the Sustainability Accounting Standards Board Metals & Mining Standard. Alumina has also drawn on elements of the International Integrated Reporting Framework.

5.9 DIRECTORS' INTENTIONS FOR THE BUSINESS

The Corporations Regulations require a statement by the Alumina Directors of their intentions regarding the continuation of Alumina's business, major changes, if any, to be made to Alumina's business or any future employment of Alumina's current employees.

If the Scheme is implemented, Alcoa will acquire and control Alumina. On the Implementation Date, the Alumina Board is expected to be reconstituted with nominees of Alcoa. The Alcoa Board will be reconstituted as described in section 7.5. Accordingly, it is not possible for the Alumina Directors to provide a statement of their intentions after the Scheme is implemented regarding the above matters. The current intentions of Alcoa with respect to these matters are set out in section 7.3.

If the Scheme is not implemented, the Alumina Directors intend to continue to operate Alumina in the ordinary course of business and for Alumina to remain listed on ASX.

5.10 PUBLICLY AVAILABLE INFORMATION

Alumina is a listed disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Broadly, these require Alumina to announce price sensitive information as soon as it becomes aware of the information that a reasonable person would expect to have a material effect on the price or value of Alumina Shares, subject to certain exceptions. Alumina is also required to prepare and lodge with ASIC and ASX both annual and half-year consolidated financial statements.

Publicly disclosed information about all ASX-listed entities, including Alumina, is available on the ASX website at www.asx.com.au. Alumina's annual and interim reports and public announcements are also available on the Alumina website at https://www.aluminalimited.com/announcements/.

Copies of documents lodged with ASIC in relation to Alumina may be obtained from, or inspected via ASIC's online registry portal ASIC Connect at www.asicconnect.gov.au, or at an ASIC service centre. ASIC may charge a fee for these services.

SECTION

06

Information on Alcoa

6.1 BACKGROUND AND HISTORY

Alcoa is a global industry leader in bauxite, alumina and aluminium products, with a vision to reinvent the aluminium industry for a sustainable future. Alcoa is built on a foundation of strong values and operating excellence dating back more than 135 years.

Alcoa became an independent, publicly traded company on 1 November 2016 following its separation from its former parent company, Alcoa Inc. (which then became known as "Arconic Inc.," now known as "Howmet Aerospace Inc."). Alcoa is listed on the NYSE under the symbol "AA" (NYSE: AA).

Alcoa is active in all aspects of the upstream aluminium industry with bauxite mining, alumina refining, and aluminium smelting and casting. Alcoa has direct and indirect ownership of assets in 27 locations across nine countries on six continents.

In the financial year ended 31 December 2023, Alcoa's total global revenue was US$10,551 million. Alcoa's consolidated total assets were valued at US$14,155 million and its total equity was approximately US$5,845 million.

6.2 ALCOA'S BUSINESS AND ASSETS

Cautionary statement regarding Foreign Estimates

Alcoa's disclosures of Foreign Estimates are not reported in accordance with the JORC Code. The technical information contained in this Scheme Booklet relating to Alcoa's mining projects has been prepared in accordance with Subpart 1300.

A competent person has not done sufficient work to classify the Foreign Estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the Foreign Estimates would be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.

If the Scheme is implemented, Alumina will apply to be delisted from the Official List of the ASX. Alcoa has applied for admission to the Official List of the ASX as a Foreign Exempt Listing. If admitted as a Foreign Exempt Listing, Alcoa will be exempt from complying with ASX Listing Rule 5.12 and will instead continue to comply with Subpart 1300 in respect of resources and reserves reporting. As such, Alcoa has no intention to present the Foreign Estimates in accordance with the JORC Code, or otherwise to verify them for this purpose.

Alcoa's mineral reserves and mineral resources are reported on an attributable basis and the mineral resources are exclusive of reserves.

See the disclosures required by ASX Listing Rule 5.12 in section 6.2(i).

A comparison of the differences in resource categorisation under the JORC Code and Subpart 1300 is set out in section 11.11(b).

The terms "mineral resource," "measured mineral resource," "indicated mineral resource," "inferred mineral resource," "mineral reserve," "proven mineral reserve" and "probable mineral reserve" are defined and used in accordance with Subpart 1300. Under Subpart 1300, mineral resources may not be classified as "mineral reserves" unless the determination has been made by a qualified person (as defined thereunder) that the mineral resources can be the basis of an economically viable project. Part or all of the mineral deposits (including any mineral resources) in these categories may never be converted into mineral reserves. Further, except for the portion of mineral resources classified as mineral reserves, mineral resources do not have demonstrated economic value. Estimates of inferred mineral resources have too high of a degree of uncertainty as to their existence and may not be converted to a mineral reserve. Therefore, it should not be assumed that all or any part of an inferred mineral resource exists, that it can be the basis of an economically viable project or that it will ever be upgraded to a higher category. Likewise, it should not be assumed that all or any part of measured or indicated mineral resources will ever be converted to mineral reserves.

In accordance with Subpart 1300, Alcoa's management engaged SLR International Corporation as the qualified persons to prepare technical report summaries for the disclosure of mineral resources and reserves at Darling Range and Juruti. The resources and reserves tables below by mining property were derived, for the most part, from the technical report summaries relating to such properties prepared in compliance with Item 601(b)(96) and subpart 1300 of Regulation S-K by the qualified persons, which have no affiliation with or interest in Alcoa or its mining properties.

(a) Overview of Alcoa's assets

Alcoa's operations comprise two reportable business segments: Alumina and Aluminium. Across these two business segments, certain assets are held by AWAC Entities (while the balance is held by Alcoa). Refer to section 6.2(e)(ii) for a full list of AWAC Entities' assets.

(i) Alumina

The Alumina segment primarily consists of a series of affiliated operating entities held in AWAC. Further detail on the Alumina segment is set out at section 6.2(b).

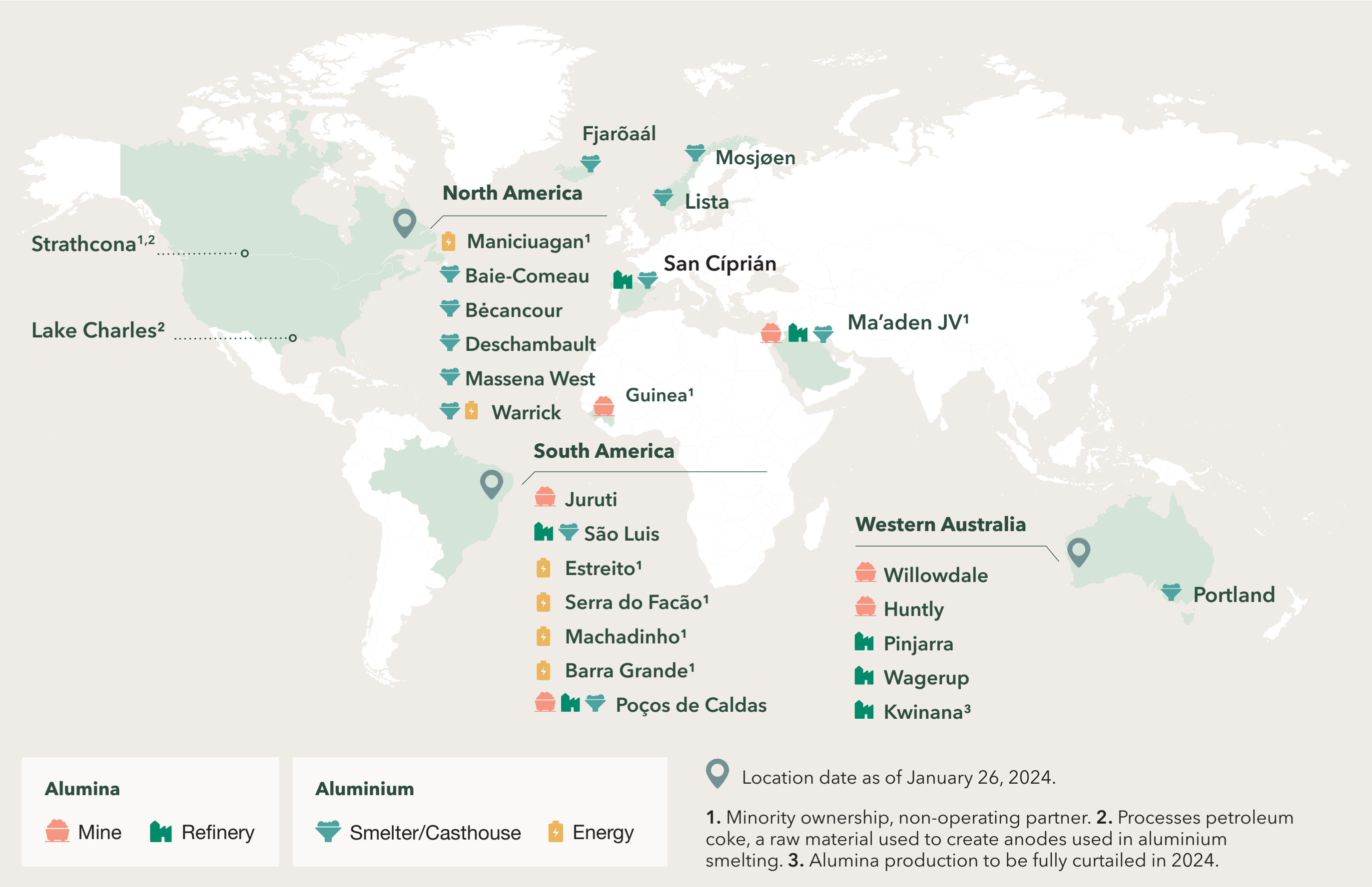
(ii) Aluminium

The Aluminium segment currently consists of:

- Alcoa's worldwide smelting and cast house system; and
- a portfolio of energy assets in Brazil, Canada and the United States.

Further detail on the Aluminium segment is set out at section 6.2(c).

Alcoa's assets and properties include those both within AWAC and those outside AWAC. The following map shows the locations of Alcoa's operations as of the Last Practicable Date:



(b) Alumina

(i) Overview

(A) Products, pricing and customers

Alcoa's alumina sales are made to customers globally and are typically priced by reference to published spot market prices. Alcoa produces smelter grade alumina and non-metallurgical grade alumina. Alcoa's largest customer for smelter grade alumina is its own aluminium smelters, which in 2023 accounted for approximately 32% of its total alumina shipments. A small portion of the alumina (non-metallurgical grade) is sold to third-party customers who process it into industrial chemical products. This segment also includes AWAC's 25.1% share of Ma'aden Bauxite and Alumina Company (**MBAC**).

In 2023, Alcoa-operated mines, mines operated by partnerships in which Alcoa, including AWAC, has equity interests, and bauxite offtake agreements supplied 83% of volume to Alcoa refineries and the remaining 17% was sold to third-party customers. Alcoa-operated mines produced 36.3 Mdmt of bauxite and mines operated by partnerships produced 4.7 Mdmt of bauxite on a proportional equity basis, for a total Alcoa bauxite production of 41.0 Mdmt.

Alcoa primarily sells alumina through contracts containing two pricing components: (1) the API price basis and (2) a negotiated adjustment basis that takes into account various factors, including freight, quality, customer location, and market conditions, as well as through fixed price spot sales. In 2023, approximately 95% of Alcoa's smelter grade alumina shipments to third parties were sold on an adjusted API price or fixed price spot basis.

(B) Alcoa's five-year review

In October 2019, Alcoa announced a five-year review of its production assets that included a range of potential outcomes for these facilities to improve cost positioning, including curtailment, closure, or divestiture. The review includes 4 million metric tons of global refining capacity, of which 2,305,000 metric tons of capacity has been permanently closed since the announced review.

(C) Capacity table

Bauxite production

Alcoa's and/or Alcoa's proportion of AWAC's bauxite production (Mdmt) for the year ended 31 December 2023 was:

Country	Property (Region)	2023
Australia	Darling Range (Western Australia)	30.9
Brazil	Juruti (Pará State)	5.0
	Poços de Caldas (Minas Gerais)	0.4
Guinea	Boké (Sangaredi)	3.6
Saudi Arabia	Al'Ba'itha (Al Qassim)	1.1
TOTAL		**41.0**

Alumina production

Alcoa's alumina refining facilities and its worldwide alumina capacity stated in Mtpy as of 31 December 2023 are shown in the following table:

Country	Facility	Nameplate Capacity (000 Mtpy)[29]	Alcoa Consolidated Capacity (000 Mtpy)[30]
Australia (AofA)	Kwinana	2,190	2,190
	Pinjarra	4,700	4,700
	Wagerup	2,879	2,879
Brazil	Poços de Caldas	390	390
	São Luís (Alumar)	3,860	2,084
Spain	San Ciprián	1,600	1,600
TOTAL		**15,619**	**13,843**
Equity Interests			
Saudi Arabia	Ras Al Khair (MBAC)	1,800	452

(D) Resources and reserves

As of 31 December 2023, Alcoa's individually material mining properties, as determined in accordance with Subpart 1300, are its bauxite mining properties in the Darling Range, Western Australia (**Darling Range**) and Juruti, Brazil (**Juruti**).

The information contained in this section 6.2(b)(i)(D) for Alcoa was prepared in accordance with the requirements of the SEC in Subpart 1300. Accordingly, the resources and reserves estimates for Alcoa were prepared in accordance with Subpart 1300 and do not purport to be reported in accordance with or otherwise compliant with the JORC Code.

Because the estimates have not been prepared in accordance with the JORC Code, they are classified as Foreign Estimates under the ASX Listing Rules. If the Scheme is implemented, Alumina will apply to be delisted from the Official List of the ASX. Alcoa has applied for admission to the Official List of the ASX as a Foreign Exempt Listing. If admitted as a Foreign Exempt Listing, Alcoa will be exempt from complying with ASX Listing Rule 5.12 and will instead comply with NYSE Listing Rules in respect of resources and reserves reporting. As such, Alcoa has no intention to present the Foreign Estimates in accordance with the JORC Code or otherwise to verify them for this purpose.

29. Nameplate Capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production. **30.** Alcoa Corporation Consolidated Capacity represents Alcoa's share of production from these facilities. For facilities wholly-owned by AWAC, Alcoa takes 100% of the production.

In relation to the reliability of the Alcoa Foreign Estimates contained in this Scheme Booklet, it should be noted that:

- the Alcoa Foreign Estimates are not reported in accordance with the JORC Code;
- a Competent Person has not done sufficient work to classify the Foreign Estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code;
- it is currently uncertain whether, following evaluation and/or further exploration work, the Alcoa Foreign Estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code;
- the Alcoa Foreign Estimates have not been published with all the supporting data and such Alcoa Foreign Estimates have not been verified by independent third parties;
- Alcoa's mineral reserves are reported on an attributable basis; and
- Alcoa's mineral resources are reported exclusive of reserves and on an attributable basis.

For further information about the reporting standards applicable to Alcoa, see section 11.11.

Mineral resources (attributable)

See summary of attributable bauxite mineral resources exclusive of mineral reserves at 31 December 2023 below. In the table, **T** is Tonnage, **A** is Alumina, and **S** is Silica.

	Measured			Indicated			Measured and Indicated			Inferred		
Property (Region)	T (Mdmt)[31]	A (%)	S (%)	T (Mdmt)[31]	A (%)	S (%)	T (Mdmt)[31]	A (%)	S (%)	T (Mdmt)[31]	A (%)	S (%)
Darling Range (WA)[32]	93.0	30.4	1.5	105.4	30.8	1.3	198.4	30.6	1.4	106.9	32.3	1.2
Juruti (Pará State)[33]	5.7	44.5	5.3	58.5	45.3	4.4	64.2	45.3	4.5	563.6	45.7	4.7
Poços de Caldas (Minas Gerais)[34]	2.4	39.0	4.7	10.6	37.1	5.6	13.1	37.4	5.5	21.4	35.2	5.9
Boké (Sangaredi)[35]	–	–	–	1,350.7	46.6	2.3	1,350.7	46.6	2.3	168.1	45.8	2.4
Al'Ba'itha (Al Qassim)[36]	–	–	–	–	–	–	–	–	–	0.7	48.3	11.7

Mineral reserves (attributable)

The following table shows only the AWAC and/or Alcoa share (proportion) of mineral reserves. These estimates are periodically updated to reflect past bauxite production, updated mine plans, new exploration information, and other geologic or mining data. Given Alcoa's extensive bauxite resources, the abundant supply of bauxite globally, and the length of Alcoa's rights to bauxite, it is not cost–effective to establish bauxite reserves that reflect the total size of the bauxite resources available to Alcoa. Certain totals may not sum due to rounding.

30. Alcoa Corporation Consolidated Capacity represents Alcoa's share of production from these facilities. For facilities wholly-owned by AWAC, Alcoa takes 100% of the production. **31.** This table shows only the AWAC and/or Alcoa share (proportion) of mineral resources. The reference point for the mineral resource is the in situ predicted dry tonnage and grade of material to be delivered to the refinery stockpile following the application of mining design parameters. Metallurgical recovery factors are not applicable to the mineral resource estimate as the Darling Range operations do not include a conventional processing plant, only crushing. The metallurgical recovery of the three refineries (Kwinana, Pinjarra, and Wagerup) are beyond the boundaries of the mining operations. Certain totals may not sum due to rounding. **32.** Alumina for the Darling Range is stated as Available Alumina (as $A.Al_2O_3$) and Silica is stated as Reactive Silica (as $R.SiO_2$). Further, mineral resources are estimated using a reasonable market expectation of arms-length sales of bauxite from Darling Range, approximately US$21 per ton. Darling Range mineral resources are estimated at a ≥ 27.5% $A.Al_2O_3$ and ≤3.5% $R.SiO_2$ cut-off grade and at a minimum mining thickness of 1.5 m. **33.** Alumina for Juruti is stated as Available Alumina (as $A.Al_2O_3$) and Silica is stated as Reactive Silica (as $R.SiO_2$). Juruti mineral resources are estimated at a pit discard cut-off value based on a benefit calculation that determines whether a block is economically viable and has a minimum thickness of 1 meter (m). Further, mineral resources are estimated using a long-term bauxite price of approximately US$35 (wet-base) per ton, representing a 30% increase over the mineral reserve bauxite price. **34.** Alumina for Poços de Caldas is stated as Available Alumina (as $A.Al_2O_3$) and Silica is stated as Reactive Silica (as $R.SiO_2$). Poços de Caldas mineral resources are estimated at a pit discard cut-off value based on a benefit calculation that determines whether a block is economically viable. **35.** Alumina for Boké is stated as Total Alumina (as $T.Al_2O_3$) and Silica is stated as Total Silica (as $T.SiO_2$). Boké resources are estimated at a ≥ 41% $T.Al_2O_3$ and ≤10% $T.SiO_2$ cut-off grade. Tonnage reported on a 3% moisture basis. **36.** Alumina for Al Ba'itha is stated as Total Available Alumina (as TAA) and Silica is stated as Total Silica (as T.SiO2). Al Ba'itha mineral resources are estimated at a ≥ 40% TAA cut-off grade and a minimum mining thickness of 1.0 m.

See summary of attributable bauxite mineral reserves at 31 December 2023. In the table, **T** is Tonnage, **A** is Alumina, and **S** is Silica.

	Proven			Probable			Total		
Property (Region)	T (Mdmt)[37]	A (%)	S (%)	T (Mdmt)[37]	A (%)	S (%)	T (Mdmt)[37]	A (%)	S (%)
Darling Range (WA)[38]	48.0	29.1	1.6	296.0	31.9	1.3	344.1	31.5	1.3
Juruti (Pará State)[39]	46.2	47.6	3.5	34.7	46.3	3.5	80.9	47.1	3.5
Poços de Caldas (Minas Gerais)[40]	0.9	41.1	3.4	1.8	38.9	3.9	2.7	39.6	3.8
Boké (Sangaredi)[41]	76.5	47.0	1.9	3.8	48.9	2.5	80.3	47.1	1.9
Al'Ba'itha (Al Qassim)[42]	16.3	50.0	8.2	30.9	46.8	10.3	47.3	47.9	9.6

(ii) Darling Range bauxite mining

The Darling Range bauxite deposits comprise the mining centres of (i) Huntly, located approximately 80 km to the southeast of Perth and (ii) Willowdale, located approximately 100 km south-southeast of Perth. The Darling Range bauxite deposits are owned and operated by AofA.

The Huntly and Willowdale mining centres/regions are separate open pit, surface mines and are both located within Mining Lease ML1SA. Mining infrastructure in the Darling Range is generally concentrated in the Myara area in the northwest of the Huntly mining centre, and at the Larego area (20 km southeast of the Wagerup refinery) in the centre of the Willowdale mining centre.

Please refer to section 6.2(f) for further information regarding the Darling Range bauxite mining.

(iii) Juruti

The Juruti bauxite mine is located in the west of Para State in northern Brazil. The Juruti bauxite mine is owned and operated by AWAB.

The Juruti bauxite mine represents an established mining operation which commenced commercial production of bauxite in 2009. The Juruti bauxite mine produces both a washed and unwashed bauxite product, however, all tonnage is presented on a zero-moisture basis. Bauxite processing takes place at a dedicated plant facility located at the Juruti mine site which has been operating since 2009 and comprises a simple comminution (crushing and screening) and washing circuit designed to remove fine particles from the ore.

Please refer to section 6.2(g) for further information regarding the Juruti bauxite mining.

(iv) Poços de Caldas Bauxite Mine

Poços de Caldas is an open-cut mine where bauxite is derived from the weathering of nepheline syenite and phonolite. Poços de Caldas is owned and operated by Alcoa Alumínio. The Poços de Caldas facility includes a cast house.

37. This table shows only the AWAC and/or Alcoa share (proportion) of mineral reserves. The reference point for the mineral reserve is the refinery processing plant gate, with crushing, washing (as applicable), and transportation being the only process employed. Metallurgical recovery factors are not applicable to the mineral reserve estimate as the Darling Range operations do not include a conventional processing plant, only crushing. The metallurgical recovery of the three refineries (Kwinana, Pinjarra and Wagerup) are beyond the boundaries of the mining operations. Certain totals may not sum due to rounding. **38.** Alumina for the Darling Range is stated as Available Alumina (as $A.Al_2O_3$) and Silica is stated as Reactive Silica (as $R.SiO_2$). Darling Range mineral reserves are estimated at variable cut-off grades, dependent on operating costs and ore quality for blending to meet refinery target grades. Mineral reserves are estimated using a reasonable market expectation of arms-length sales of bauxite from Darling Range, approximately US$21 per ton. **39.** Alumina for Juruti is stated as Available Alumina (as $A.Al_2O_3$) and Silica is stated as Reactive Silica (as $R.SiO_2$). Juruti mineral reserves are estimated at a pit discard cutoff value based on a benefit calculation that determines whether a block is economically viable. Further, mineral reserves are estimated using a one-year weighted average bauxite price of approximately US$27 per ton, based on contractual agreements with an Alumina segment refinery. **40.** Alumina for Poços de Caldas is stated as Available Alumina (as $A.Al_2O_3$) and Silica is stated as Reactive Silica (as $R.SiO_2$). Poços de Caldas mineral reserves are estimated at a pit discard cut-off value based on a benefit calculation that determines whether a block is economically viable. **41.** Alumina for Boké is stated as Total Alumina (as $T.Al_2O_3$) and Silica is stated as Total Silica (as $T.SiO_2$). Boké reserves are estimated at a ≥ 45% $T.Al_2O_3$ and ≤10% $T.SiO_2$ cut-off grade. Tonnage reported on a 3% moisture basis. **42.** Alumina for Al Ba'itha is stated as Total Available Alumina (as TAA) and Silica is stated as Total Silica (as $T.SiO_2$). Al Ba'itha mineral reserves are estimated at a ≥ 40% TAA cut-off grade.

(v) CBG Bauxite Mine

AWAC has a 45% interest in the bauxite consortium, Halco. Halco owns a 51% interest in Compagnie des Bauxites de Guinée (**CBG**), which is a joint venture between Boké Investment Company (51%) and the Government of Guinea (49%) for the operation of a bauxite mine in the Boké region of Guinea.

(vi) Ma'aden Bauxite Mine

Alcoa entered into a joint venture with the Saudi Arabian Mining Company (**Ma'aden**), which was formed by the government of Saudia Arabia to develop its mineral resources and create a fully integrated aluminium complex in Saudi Arabia. Ma'aden is listed on Tadawul. Ma'aden holds a 74.9% interest in the Ma'aden JV. The Ma'aden JV is currently comprised of two entities: MBAC and MAC (see section 6.2(c)). AWAC holds a 25.1% interest in MBAC, which holds the Ma'aden bauxite mine and refinery. Alcoa holds a 25.1% interest in MAC which holds the smelter (see section 6.2(b)(x)).

MBAC owns an alumina refinery with a capacity of 1.8 million Mtpy. The alumina refinery is located within the Ras Al Khair industrial zone on the east coast of Saudi Arabia.

(vii) Kwinana Alumina Refinery

The Kwinana alumina refinery has an annual nameplate production capacity of 2.19 million Mtpy and produces smelter-grade alumina (approx. 80% of production) and non-metallurgical alumina (approx. 20% of production). The Kwinana Alumina Refinery is owned and operated by AofA.

In January 2024, Alcoa announced the full curtailment of the Kwinana refinery to be completed in the second quarter of 2024. Current mine plans do not accommodate this curtailment but will be amended to include a staged reduction of supply to the refinery through the third quarter of 2024. The refinery has been operating at approximately 80% of its nameplate capacity since January 2023.

(viii) Pinjarra Alumina Refinery

The Pinjarra alumina refinery was commissioned in 1972 and, as one of the world's largest alumina refineries, has an annual nameplate production capacity of 4.7 million Mtpy. The Pinjarra alumina refinery is owned and operated by AofA.

The Pinjarra alumina refinery is supplied bauxite via an overland conveyor from the Huntly Bauxite Mine east of North Dandalup.

(ix) Wagerup Alumina Refinery

The Wagerup alumina refinery commenced operations in 1984. The Wagerup alumina refinery has an annual nameplate production capacity of 2.879 million Mtpy. The Wagerup alumina refinery is owned and operated by AofA.

The Wagerup alumina refinery is supplied bauxite ore via an overland conveyor from Alcoa's Willowdale bauxite mine.

(x) Poços de Caldas Alumina Refinery

The Poços de Caldas alumina refinery, located in Minas Gerais, Brazil, is owned and operated by Alcoa Alumínio and was commissioned in 1965. The Poços de Caldas alumina refinery has an annual nameplate production capacity of 390,000 Mtpy of alumina.

(xi) Alumar Alumina Refinery

Alumar is an unincorporated joint venture for the operation of (among other things) a refinery in northern Brazil. The refinery is owned by AWAB (39.96%), Rio Tinto (10%), Alcoa Alumínio (14.04%), and South32 (36%). AWAB is part of the AWAC group of companies and is ultimately owned 60% by Alcoa and 40% by Alumina. The Alumar alumina refinery has a capacity of 2.084 million Mtpy.

During 2023, the Alumar refinery experienced several challenges impacting production levels, maintenance, and production costs.

(xii) San Ciprián Alumina Refinery

AWAC owns 100% of the San Ciprián alumina refinery. The San Ciprián alumina refinery has an annual nameplate production capacity of 1.6 million Mtpy. Bauxite for the refinery is primarily supplied by CBG.

In 2022, production at the San Ciprián refinery was reduced to approximately 50% of the 1.6 million Mtpy of annual capacity to mitigate the financial impact of high natural gas costs.

Refer to section 6.2(b)(xii) for further information on the San Ciprián facility.

Around 70% of San Ciprián's alumina is supplied to Alcoa's aluminium smelter in Spain historically (which is currently fully curtailed). Remaining production is largely sold as non-metallurgical.

(c) Aluminium

(i) Overview

(A) Products, pricing and customers

As mentioned in section 6.2(a), this business segment currently consists of:

- Alcoa's worldwide smelting and cast house system; and
- a portfolio of energy assets in Brazil, Canada, and the United States.

The smelting operations produce molten primary aluminium, which is then formed by the casting operations into either common alloy ingot (e.g., t-bar, sow, standard ingot) or into value add ingot products (e.g., foundry, billet, rod, and slab).

Contracts for primary aluminium vary widely in duration, from multi-year supply contracts to spot purchases. Pricing for primary aluminium products is typically comprised of three components:

- the published LME aluminium price for commodity grade P1020 aluminium;
- the published regional premium applicable to the delivery locale; and
- a negotiated product premium that accounts for factors such as shape and alloy.

This business segment also includes Alcoa's 25.1% share of MAC, a smelting joint venture in Saudi Arabia.

The energy assets supply power to external customers in Brazil and the United States, as well as internal customers in the aluminium segment (Baie-Comeau (Canada) smelter and Warrick (Indiana) smelter) and, to a lesser extent, the alumina segment (Brazilian refineries).

(B) Alcoa's five-year review

Alcoa's five-year review of its production assets first announced in October 2019 includes 1.5 million metric tons of smelting capacity. The portfolio review includes evaluations to improve cost positioning, including curtailments, closures or divestitures.

As of 31 December 2023, Alcoa had approximately 465,000 Mtpy of idle smelting capacity relative to total Alcoa consolidated capacity of 2.645 million Mtpy. The idle capacity includes 228,000 Mtpy of idle capacity at the San Ciprián smelter, 84,000 Mtpy of idle capacity at the Alumar smelter, 80,000 Mtpy of idle capacity at the Warrick smelter, 42,000 Mtpy of idle capacity at the Portland smelter, and 31,000 Mtpy of idle capacity at the Lista smelter.

(C) Capacity table

Summary of Alcoa's primary aluminium facilities and its global smelting capacity stated in Mtpy at 31 December 2023:

Country	Facility	Nameplate Capacity (000 Mtpy)[43]	Alcoa Consolidated Capacity (000 Mtyp)[44]
Australia	Portland	358	197
Brazil	Poços de Caldas[45]	N/A	N/A
	São Luís (Alumar)	447	268
Canada	Baie-Comeau, Québec	324	324
	Bécancour, Québec	467	350
	Deschambault, Québec	287	287
Iceland	Fjarðaál	351	351
Norway	Lista	95	95
	Mosjøen	200	200
Spain	San Ciprián	228	228
United States	Massena West, NY	130	130
	Evansville, IN (Warrick)	215	215
TOTAL		3,102	2,645
Equity Interests			
Saudi Arabia	Ras Al Khair (MAC)	804	202

(ii) Portland Smelter

The Portland aluminium smelter opened in 1986 and is a joint venture between AofA (55%), CITIC Nominees Pty Limited (22.5%) and Marubeni Aluminium Australia Pty Limited (22.5%). AofA, which is owned by AWAC, manages the day-to-day operations at the Portland aluminium smelter. As of 31 December 2023, the Portland aluminium smelter produces 22.5-kilogram aluminium ingot.

In the fourth quarter of 2023, Alcoa began the restart of 16,000 Mtpy of previously curtailed capacity at the Portland smelter. The smelter had previously been operating at approximately 75% of the site's total annual capacity since March 2023 due to instability and challenges related to the production of rodded anodes. The site was operating at approximately 79% of its capacity as of 31 December 2023.

43. Nameplate Capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production. **44.** Alcoa's consolidated capacity is its share of Nameplate Capacity based on its ownership interest in the respective smelter. **45.** The Poços de Caldas facility is a casthouse and does not include a smelter.

(iii) Alumar Smelter

Alumar also operates a smelter in Brazil. The smelter and cast house are owned by Alcoa Alumínio (60%) and South32 (40%). Alcoa manages the facility.

In September 2021, Alcoa announced plans to restart its 60% share of the Alumar smelter, equivalent to 268,000 Mtpy of aluminium capacity. Production began in the second quarter of 2022. During 2023, Alcoa continued the controlled pace for the restart of the Alumar smelter in São Luís, Brazil. The site was operating at approximately 69% of the site's total annual capacity as of 31 December 2023.

(iv) Baie-Comeau, Deschambault and Bécancour Smelters

Alcoa operates the Baie Comeau, Deschambault and Aluminerie de Bécancour Inc. (**ABI**) smelter in Québec, Canada. Alcoa Canada Co. and Alcoa-Aluminerie de Deschambault L.P. own the Baie Comeau and Deschambault smelters, respectively. The ABI smelter is a joint venture between Alcoa and Rio Tinto located in Bécancour, Québec. Alcoa owns 74.95% of the joint venture through its 50% equity investment in Pechiney Reynolds Quebec, Inc., which owns a 50.1% share of the smelter, and two wholly-owned Canadian subsidiaries, which own 49.9% of the smelter. Rio Tinto owns the remaining 25.05% interest in the joint venture through its 50% ownership in Pechiney Reynolds Quebec, Inc.

Alcoa's Baie-Comeau smelter purchases approximately 25% of its electricity needs from Manicouagan. Manicouagan owns and operates the 335 megawatt McCormick hydroelectric project, which is located on the Manicouagan River in the Province of Québec, Canada. Manicouagan is a joint venture between affiliates of Alcoa and Hydro-Québec. Alcoa owns 40% of the joint venture. Otherwise, all electricity consumed by the three smelters in Québec is purchased under contracts with Hydro-Québec that expire in December 2029 and February 2036.

(v) Fjarðaál Smelter

Alcoa has one aluminium smelting and casting facility in Iceland. Alcoa's Fjarðaál Smelter located in East Iceland is owned and operated by Alcoa Fjarðaál.

(vi) Lista and Mosjøen Smelters

Alcoa operates two aluminium smelting and casting facilities in Norway, the Lista and Mosjøen Smelters which are owned by Alcoa Norway AS.

On 30 August 2022, Alcoa announced the curtailment of one-third of its production capacity (31 Kmt) at the Lista Smelter.

(vii) San Ciprián Smelter

Alcoa owns 100% of the San Ciprián smelter, which is co-located in the same complex as the San Ciprián alumina refinery.

In March 2024, Alcoa completed the restart of approximately 6 percent of total pots at the San Ciprián smelter, which was curtailed in January 2022 as a result of an agreement with the workers' representatives in December 2021. In February 2023, under the terms of an amended viability agreement, Alcoa agreed to a phased restart of the smelter beginning in January 2024, to operate an initial complement of approximately 6 percent of total pots, and to restart all pots by 1 October 2025. While Alcoa has met its commitments to enter into power purchase agreements for the necessary capacity, that capacity has not been fully permitted by the government or built by the power provider, putting an on-time restart at significant risk and causing the smelter to incur substantial operating losses for longer, all of which is rendering the smelter economically unviable. At the refinery, operating losses continue despite the mitigating action taken by Alcoa in the third quarter of 2022 to curtail capacity to 50 percent.

As a result of the extended duration of the adverse economic environment, in December 2023, Alcoa began engagement with government stakeholders and workers' representatives of the San Ciprián smelter and refinery regarding the sustained and ongoing financial losses in order to find a long-term solution for the combined operations. Although both purchase prices for energy and sales prices improved during the first quarter of 2024, the San Ciprián complex remains unviable for the long-term based on current and forward market assumptions for delivered energy in Spain and sales prices, and near-term government support remains unlikely. While continuing to optimize the smelter and refinery operations and preserve cash, and as part of Alcoa's efforts to find a long-term solution for the complex, Alcoa initiated a process for the potential sale of the complex during the first quarter of 2024 and anticipates completing the bid process by June 2024. Any long-term solution requires the support of the government and workers' representatives.

The refinery and smelter incurred significant losses in the first quarter of 2024 and in prior years, which have been funded with internal credit lines that are now nearing their limits (with less than $100 available to be drawn), and which the operations have no ability to repay. Based on current economic conditions, and barring reaching an acceptable outcome on either achieving economic viability or completing a sale of the complex, the San Ciprián operations are expected to incur substantial losses in the remainder of 2024 and Alcoa anticipates that available funding will be exhausted in the second half of 2024. At that point, Alcoa will not provide additional funding and difficult decisions will have to be considered regarding the future of the San Ciprián complex.

(viii) Massena West and Warrick Smelters

Alcoa owns two smelters in the United States. The Massena West smelter is located in New York and the Warrick smelter is located in Indiana.

During the first quarter of 2024, Alcoa completed the restart of 54,000 Mtpy of capacity at the Warrick smelter that began in October 2023. During the fourth quarter of 2023, Alcoa approved the permanent closure of 54,000 Mtpy of previously curtailed capacity (which had not operated since 2016) to prepare the site for future capital investments for improved casting capabilities.

(ix) Ma'aden smelter

MAC owns and operates the Ma'aden aluminium smelter which is located within the Ras Al Khair industrial zone on the east coast of Saudi Arabia. Alcoa owns a 25.1% interest in MAC, and Ma'aden owns a 74.9% interest.

(x) Energy

In 2023, Alcoa generated approximately 9% of the power used at its smelters worldwide and generally purchased the remainder under long-term arrangements.

Summary of electricity generation capacity and 2023 generation of facilities in which Alcoa has an ownership interest:

Country	Facility	Alcoa Corporation Consolidated Capacity (MW)	2023 Generation (MWh)
Brazil	Barra Grande	150	1,315,097
	Estreito	155	1,360,074
	Machadinho	126	1,057,770
	Serra do Facão	60	525,600
Canada	Manicouagan	133	1,161,190
United States	Warrick	657	3,640,522
TOTAL		**1,281**	**9,060,253**

The figures in this table are presented in megawatts (MW) and megawatt hours (MWh), respectively.

(d) Research & Development

(i) ELYSIS™

ELYSISTM Partnership (**ELYSIS**) is between wholly owned Subsidiaries of Alcoa (48.235%), Rio Tinto Alcan Inc. (**Rio Tinto**) (48.235%), and Investissement Québec (3.53%), a company wholly owned by the Government of Québec, Canada. The purpose of ELYSIS is to advance larger scale development and commercialisation of its patent-protected technology that eliminates direct greenhouse gas emissions from the traditional aluminium smelting process and, instead emits oxygen. Alcoa first developed the inert anode technology for the aluminium smelting process that served as the basis for the formation of ELYSIS. Development scale quantities of aluminium produced by ELYSIS have been sold for commercial purposes, including to RONAL Group for the wheels for the Audi eTron GT. ELYSIS has also supplied metal to Apple Inc., a non-equity investor in the technology, for use in some of its products such as the 16-inch MacBook Pro and the iPhone SE.

(e) AWAC

AWAC is a global, unincorporated joint venture between Alcoa and Alumina. AWAC consists of a number of affiliated entities that own, operate or have an interest in bauxite mines and alumina refineries, as well as an aluminium smelter, in seven countries. Alcoa owns 60% and Alumina owns 40% of these entities, directly or indirectly.

(i) AWAC governance

Alcoa provides the operating management for AWAC, which is subject to direction provided by the AWAC Strategic Council. The AWAC Strategic Council consists of five members, three of whom are appointed by Alcoa (of which one is the Chair of the AWAC Strategic Council) and two of whom are appointed by Alumina (of which one is the Deputy Chair of the AWAC Strategic Council). Matters are decided by a majority vote with certain matters requiring approval by at least 80% of the members, including: changes to the scope of AWAC; changes in the AWAC dividend policy; equity calls in aggregate greater than US$1 billion in any year; sales of all or a majority of the AWAC assets; loans from AWAC entities to Alcoa or Alumina; certain acquisitions, divestitures, expansions, curtailments or closures; certain related-party transactions; financial derivatives, hedges or swap transactions; a decision by AWAC Entities to file for insolvency; and changes to pricing formula in certain offtake agreements which may be entered into between AWAC Entities and Alcoa or Alumina.

In addition, the governing documents of AWAC provide:

- **Exclusivity:** subject to certain exceptions, AWAC is the exclusive vehicle for each of Alcoa and Alumina's investments, operations or participation in the bauxite and alumina business, and they will not compete with AWAC in those businesses. Subject to satisfaction of certain conditions, these restrictions terminate on a change of control of either party.
- **Equity calls:** the cash flow of AWAC and borrowings are the preferred sources of funding, though an equity call can be made on 30 days' notice where required, subject to certain limitations.
- **Dividend policy:** AWAC will generally be required to distribute at least 50% of the prior calendar quarter's net income of each AWAC Entity, and certain AWAC Entities will also be required to pay a distribution every three months equal to the amount of available cash above specified thresholds and subject to the forecast cash needs of the AWAC Entity.
- **Leveraging policy:** debt of AWAC is subject to a limit of 30% of total capital (defined as the sum of debt (net of cash) plus any non-controlling interest plus shareholder equity).

(ii) AWAC operations

AWAC Entities' assets include the following interests (see further details at section 6.2(b) and 6.2(c)):

- 100% of the bauxite mining and alumina refining operations of Alcoa's affiliate, AofA;
- 100% of the Juruti bauxite deposit and mine in Brazil;
- 45% interest in Halco, a bauxite consortium that owns a 51% interest in CBG, a bauxite mine in Guinea;
- 39.96% interest in the São Luís refinery in Brazil;

- 55% interest in the Portland, Australia smelter that AWAC manages on behalf of the joint venture partners;
- 25.1% interest in the mine and refinery in Ras Al Khair, Saudi Arabia;
- 100% of the refinery and alumina-based chemicals assets at San Ciprián, Spain;
- 100% of Alcoa Steamship Company LLC, a company that procures ocean freight and commercial shipping services for Alcoa in the ordinary course of business;
- 100% of the refinery assets at the closed facility in Point Comfort, Texas, United States; and,
- 100% interest in various assets formerly used for mining and refining in the Republic of Suriname.

(f) Alumina – further information regarding Darling Range bauxite mining

(i) Land tenure and permitting

Huntly currently supplies bauxite to the Kwinana and Pinjarra refineries (approximately 25 million tonnes per annum), while Willowdale supplies the Wagerup refinery (approximately 10 million tonnes per annum).

The ML1SA lease allows for exploration and mining of bauxite within the tenement boundaries. AofA seeks annual approvals from the Western Australian government for rolling five-year MMPs for Huntly and Willowdale bauxite mines. Other secondary permits and approvals are also required.

Constraints on mining activities within the ML1SA concession are in place which, among others, prevent mining within: 200 m of the top water level margin of any water reservoirs; Serpentine Pipehead Dam Catchment; 10 m of a Black Cockatoo nesting tree or Black Cockatoo significant tree; National Parks; Aboriginal Heritage Sites; Old Growth Forest; formal Conservation Areas; and 50 m of granite outcrop (greater than 1 ha) and Mining Avoidance Zones around the Western Australian forest towns of Dwellingup and Jarrahdale. Mineral resources and mineral reserves have not been defined in these restricted areas.

Additionally, the 2023–2027 MMP requires additional constraints including: a reduction in mining activities inside higher risk areas within drinking water catchments; no new pit clearing in areas with an average pit slope greater than 16% within any Reservoir Protection Zone (RPZ, 2 km from reservoir top water level); an acceleration of forest rehabilitation and a reduction in open mining areas; and a maximum annual clearing footprint of 800 ha.

Outcomes of and compliance with the management and monitoring programs are tracked within Alcoa's Environmental Management System and reported within Alcoa's Annual Environmental Review Report.

(ii) Geology and exploration

Systematic exploration for bauxite within the region commenced in the 1960s and is currently conducted on a continuous basis to maintain sufficient mineral resources and mineral reserves to meet refinery supply. Current mine plans include further exploration throughout all areas where Alcoa has mining permits to sustain future production.

(iii) Mining and processing

The Huntly and Willowdale mines employ conventional open pit surface mining practices and equipment.

The process plant for the Darling Range operations consists of two separate crushing facilities at the Huntly and Willowdale mines, respectively. Both facilities crush the run-of-mine ore and convey the crushed ore to three separate refineries located at Pinjarra, Kwinana, and Wagerup.

The process plant is a dry crushing operation and therefore water is not required as a consumable for the plant. Alcoa's Darling Range mining operations do not produce mine waste in the same manner as other mining operations and waste dumps are not constructed.

(iv) Environmental and social

Alcoa's mine sites are monitored in accordance with the conditions of Government authorisations and its operational licenses at Huntly and Willowdale. Outcomes of and compliance with the management and monitoring programs are tracked within Alcoa's environmental management system and reported within a triennial environmental review report.

Alcoa works proactively with key regulatory agencies to address operational incidents and implement operational improvements to reduce releases to the environment.

In December 2023, the Western Australian government granted an exemption under section 6 of the WA EPA that allows Alcoa to continue its mining operations while the WA EPA assesses the environmental impact of parts of the MMP. Compliance against the exemption under section 6 of the WA EPA is monitored on a weekly basis by an independent compliance monitor and reported monthly to the Department of Water and Environmental Regulation. At the request of the Western Australian government, Alcoa has committed to provide a bank guarantee for approximately US$68 million (A$100 million) demonstrating Alcoa's confidence that its operations will not impair drinking water supplies.

Alcoa is modernising its environmental approvals framework for the Huntly bauxite mine and referred future mining plans to access Myara North and Holyoake to the WA EPA for assessment in 2020.

Approvals are also required from the Commonwealth Department of Climate Change, Energy, the Environment and Water.

(g) Alumina – further information regarding Juruti

(i) Land tenure and permitting

All exploration and mining activities are managed by the National Mining Agency, Agencia Nacional de Mineracao (**ANM**), under the Mining Code. Permits are granted by the ANM and fall into two categories:

- Exploration Permits: granted to support ongoing exploration activities.
- Mining Concession: following a successful mining plan submission, enabling exploitation once environmental licenses are granted.

Alcoa submits an annual environmental report in compliance with the Juruti operating licences and approvals.

(ii) Geology and Exploration

Systematic exploration for bauxite within the region has persisted since Alcoa's ownership and is currently conducted on a continuous basis to establish optimal mine plans to achieve a uniform quality of bauxite production. Current mine plans include further exploration throughout all areas where Alcoa has mining permits to sustain future production.

(h) Overview of Alcoa Bidder

Alcoa Bidder is an Australian proprietary company limited by shares that was incorporated on 6 March 2024 and is a wholly owned indirect Subsidiary of Alcoa. Prior to the Scheme, it has not and will not conduct any business and does not currently own any assets or have any liabilities. If the Scheme is implemented, Alcoa Bidder will directly hold all the shares in Alumina.

(i) ASX Listing Rule 5.12 Disclosures

ASX Listing Rule	ASX explanation	Alcoa commentary
5.12.1	The source and date of the historical estimates or foreign estimates.	The foreign estimates in respect of Alcoa's operations and properties were prepared by Alcoa. The mineral resources and mineral reserves are prepared in accordance with Subpart 1300. The source of Alcoa's foreign estimates is the Alcoa FY23 Annual Report, which has been publicly disclosed and filed with the SEC. A copy of the Alcoa FY23 Annual Report is available on the Alcoa website at https://investors.alcoa.com/sec-filings. The foreign estimates are effective as of 31 December 2023 and, as far as Alcoa is concerned, are the most recent available mineral resources and mineral reserves estimates for Alcoa's operations and projects.
5.12.2	Whether the historical estimates or foreign estimates use categories of mineralisation other than those defined in Appendix 5A (JORC Code) and if so, an explanation of the differences.	The Alcoa foreign estimates of mineral resources and mineral reserves have been prepared using the categories of mineralisation set forth in Subpart 1300. Alcoa considers the foreign estimates to be consistent with the requirements of Subpart 1300. The reporting requirements prescribed by Subpart 1300 and with which Alcoa's reporting complies, and the Australian standards have similar goals in terms of conveying an appropriate level of confidence in the disclosures being reported, but embody different approaches and definitions and differ in several respects. For example, the terms "Ore Reserve", "Proved Ore Reserve", "Probable Ore Reserve", "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource" and "Inferred Mineral Resource" are Australian mining terms as defined in the JORC Code, and their definitions differ from the definitions of the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" as included in the Subpart 1300. Additionally, the JORC Code allows (i) Measured and Indicated Mineral Resources to be reported inclusive of Mineral Resources modified to produce its Ore Reserves and (ii) the inclusion of Inferred Mineral Resources in an estimate of Ore Reserves, on the condition that such Inferred Resources are treated as waste material for the purpose of financial evaluation. By contrast, Subpart 1300 requires mineral resources to be reported exclusive of mineral reserves and does not allow the inclusion of inferred mineral resources or unclassified material in an estimate of mineral reserves.
5.12.3	The relevance and materiality of the historical estimates or foreign estimates to the entity.	The Alcoa foreign estimates are material to the Combined Group as they form a significant portion of the overall mineral reserve and mineral resource inventory.
5.12.4	The reliability of historical estimates or foreign estimates to the entity.	The foreign estimates are considered reliable by Alcoa for the following reasons: • the foreign estimates for Darling Range and Juruti have been reported in the Alcoa FY23 Annual Report by an individual who is considered to be a qualified person as defined in Subpart 1300; • the balance of the foreign estimates were prepared using the results of the procedure performed by the qualified persons (which have no affiliation with or interest in Alcoa or its mining properties); and • the methodologies for preparing the mineral resources and mineral reserves have not changed significantly in comparison to previous reporting.

ASX Listing Rule	ASX explanation	Alcoa commentary
5.12.5	To the extent known, a summary of work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical or foreign estimates.	The work programs on which the foreign estimates are based include: • in respect of the Darling Range site, an SLR geologist and an SLR mining engineer were accompanied by various Alcoa personnel to undertake site visits and inspections of various aspects of the Huntly and Willowdale mining areas. Further discussions on reconciliation, geological modelling, long term mine planning and permitting were undertaken between SLR qualified persons and personnel from Alcoa. Alcoa also provided permission to document the site visit with video, photos, and audio which were shared with other SLR team members. Further, an SLR environmental practitioner attended the Huntly site visit to review pertinent items such as the site constraints and other aspects of rehabilitation (as part of the broader modifying factor review); • in respect of the Juruti site, the SLR qualified persons visited the site and reviewed the procedures related to geology and mining; and visited the core shed, tailings facilities, mine operation, processing plant, internal laboratory, exploration areas, examined drill holes and ore faces in the mine and had meetings with the key persons for the main areas to discuss the workflow and methodology adopted for the mineral resources and mineral reserves in Juruti. During the site visit, the most relevant information was collected and discussed with Alcoa's technical staff, and it was used as the basis for the qualified persons' technical report; and • the balance of the foreign estimates were prepared using the results of the procedures performed by the SLR qualified persons (which have no affiliation with or interest in Alcoa or its mining properties) in accordance with Subpart 1300. Key geological, mining and metallurgical assumptions used in the estimation of mineral resources and mineral reserves are based on extensive operating experience and historical performance for the operating sites and at least pre-feasibility studies (as defined in Subpart 1300) for the projects. The key assumptions are included in section 6.2 as footnotes to the *Mineral resources (attributable)* and *Mineral reserves (attributable)* tables. More detailed information has been provided for Alcoa's material sites in Technical Report Summary documents that have been filed with the SEC and are publicly available.
5.12.6	Any more recent estimates or data relevant to the reported mineralisation available to the entity.	No more recent estimates have been completed on Alcoa's operations and projects since the mineral reserves and mineral resources disclosed in the Alcoa FY23 Annual Report.
5.12.7	The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with ASX Listing Rules Appendix 5A (JORC Code).	Alcoa intends for all future mineral reserves and mineral resources estimates released for Alcoa and Alumina operations and projects to be prepared in accordance with Subpart 1300.
5.12.8	The proposed timing of any evaluation and/or exploration work that the entity intends to undertake and a comment on how the entity intends to fund that work.	Ongoing evaluation work is planned to be completed during 2024 and will be reported in Alcoa's mineral reserves and mineral resources update included in the Alcoa Annual Report for the year ended 31 December 2024. There is no intention to verify Alcoa's reserves and resources estimates for Alcoa in accordance with the JORC Code

ASX Listing Rule	ASX explanation	Alcoa commentary
5.12.9	A cautionary statement proximate to, and with equal prominence as, the reported historical estimates or foreign estimates stating that: • The estimates are historical estimates or foreign estimates and are not reported in accordance with the JORC Code; • A competent person has not done sufficient work to classify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with the JORC Code; and • It is uncertain that following evaluation and/or further exploration work that the historical estimates or foreign estimates will be able to be reported as mineral resource or ore reserves in accordance with the JORC Code.	Alcoa cautions that mineral resources and mineral reserves for the Alcoa operations and projects are not reported in accordance with the JORC Code. A competent person has not yet completed sufficient work to classify the foreign estimates of mineral resources or mineral reserves as Mineral Resources or Ore Reserves in accordance with the JORC Code. It is currently uncertain whether, following evaluation and/or further exploration work, these foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.
5.12.10	A statement by a named competent person or persons that the information in the market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the material mining project. The statement must include the information referred to in rule 5.22(b) and (c).	Refer to section 11.11(c).

6.3 CORPORATE STRUCTURE

Alcoa's business currently functions through a number of different entities. Alcoa is the parent company of the Alcoa Group. The "significant subsidiaries" (as defined in Regulation S-X of the US Securities Exchange Act of 1934, as amended) of Alcoa as of 31 December 2023 are set out below. Of these, the AWAC Entities are marked with an asterisk.

Country	Facility
Alcoa Alumínio S.A.	Brazil
Alcoa Australian Holdings Pty Ltd	Australia
Alcoa Holland B.V.	Netherlands
Alcoa Nederland Holding B.V.	Netherlands
Alcoa of Australia Limited (AofA)*	Australia
Alcoa USA Corp.	Delaware
Alcoa USA Holding Company	Delaware
Alcoa-Lauralco Management Company	Canada
Aluminerie Lauralco B.V.	Netherlands
Reynolds Metals Company, LLC	Delaware

6.4 STRATEGY

Alcoa's business strategy is designed to create shareholder value while aligning with its purpose, vision, and values.

In the near term, Alcoa has an acute focus on the strategic priority of reducing complexity and developing a portfolio of mining, refining, and smelting assets that is profitable, safe, stable, low cost, low carbon emitting and supported by a strong balance sheet. To achieve this, Alcoa is prioritising maintaining a lean overhead structure, operating with excellence, and actively managing its asset portfolio.

- In 2019, Alcoa announced a five-year strategic portfolio review of its smelting and refining capacity to improve cost positioning or curtail, close or divest 1.5 million and 4 million metric tons of smelting and refining capacity, respectively. Through January 2024, Alcoa continued to make progress on the portfolio review completing its review of refining capacity and reaching approximately 93% of its target for smelting capacity. This focus on operational stability and portfolio transformation results in a reduction in complexity and improved cash generation to support Alcoa's capital allocation framework. The Transaction is consistent with Alcoa's strategy: it will simplify governance within the group by the acquisition of the minority partner in AWAC, resulting in greater operational flexibility and strategic optionality.
- Alcoa maintains two additional strategic priorities for creating value into the long term: advance sustainably and drive returns. To advance sustainably, Alcoa seeks to increase value from a leading sustainability position, which includes the industry's most comprehensive suite of products made with lower carbon emissions. The Sustana™ brand, includes EcoDura™ aluminium (recycled content), EcoLum™ aluminium (low carbon), and EcoSource™ alumina (also low carbon). These products create a differentiated position for Alcoa, serve growing markets focused on lowering carbon emissions, and provide competitive advantages that Alcoa can build on.

  Alcoa has the goal of being the lowest emitter of carbon dioxide among all global aluminium companies, per ton of emissions in both smelting and refining, and aims to move its aluminium asset portfolio to a first quartile cost position relative to other aluminium producers upon completion of Alcoa's portfolio review. In 2023, Alcoa exceeded its target of 85% of its smelting portfolio being powered by renewable energy, attaining 87%.
- Alcoa is developing targeted growth opportunities that leverage its competitive advantages to meet the evolving demands of stakeholders and customers and create lasting sources of value. Through active research and development projects, Alcoa is seeking to innovate breakthrough technologies to revolutionise its impact and that of its customers. These have the potential to drive value by reducing costs, improving efficiency, and reducing greenhouse gas emissions in both alumina refining and aluminium smelting. The roadmap of technologies under development includes:
  - The ELYSIS partnership uses an aluminium smelting technology that eliminates direct greenhouse gas emissions from the traditional smelting process, instead emitting pure oxygen as a byproduct. The research and development program is being ramped up to commercial scale and commercial-grade research and development scale quantities of aluminium produced by ELYSIS.
  - The ASTRAEA™ process is a proprietary technology under development that can purify post-consumer aluminium scrap, regardless of alloy combination, and beneficiate it up to high purity levels that exceed what is produced at most primary aluminium smelters operating today, permitting use in high tolerance applications, such as aerospace.
  - The Refinery of the Future initiative aims to achieve alumina refining with no direct greenhouse gas emissions and reduced fresh water use through adapting various processes and new technologies under development for alumina refining. The various components of this initiative are in early research stages.

6.5 CORPORATE RESPONSIBILITY

Alcoa's four core values – *Act with Integrity, Operate with Excellence, Care for People, and Lead with Courage* – provide the foundation for Alcoa's approach to corporate responsibility, including environmental, social and governance matters. Alcoa strives to achieve its strategic priorities by taking steps to maintain its social license to operate, reduce risk exposure through Alcoa's enterprise risk management programs, and improve profitability through product differentiation and innovation. Through the enterprise risk management process and operations risk management process, Alcoa identifies and evaluates a broad spectrum of risks across all aspects of its business. Using a multi-dimensional process, risks are evaluated, monitored, and prioritised based on the likelihood of an occurrence, level of impact, and mitigating factors.

Alcoa's policies and practices demonstrate its work towards minimizing environmental impacts while maximizing value across its global operations in ways that align with stakeholders' needs and expectations. Alcoa's approach to ESG-related programs and initiatives is developed by its management team, with the Board and its committees overseeing these programs and related risks. Alcoa monitors ESG risks and opportunities at the corporate level that are relevant to its stakeholders and the success of its business strategy and which are used as inputs to Alcoa's enterprise risk management program. The Alcoa Board maintains overall oversight of its risk management processes, and management reports regularly on specific risks.

Alcoa has implemented a number of ESG-related policies and practices including:

- **Third party certification of operations:** Alcoa has earned Performance Standard certifications from the Aluminium Stewardship Initiative for 18 of its operating locations.
- **Inclusion and culture:** Alcoa was named to the 2023 Bloomberg Gender-Equality Index. Alcoa has formed numerous employee inclusion groups, including the Alcoa Women's Network (AWN), Alcoans Working Actively for Racial-Ethnic Equality (AWARE), Employees at Alcoa for LGBT+ Equality (EAGLE), and Alcoans moving Beyond Limiting Expectations (ABLE) that are designed to promote a more inclusive workplace.
- **Ethics and compliance:** Alcoa has a company-wide ethics and compliance program that emphasises the importance of Alcoa's core value to Act with Integrity. Alcoa's Code of Conduct and Ethics and other policies apply to Company directors, officers, and employees. See section 6.10 for further details.
- **Environment:** Alcoa strives to reduce its environmental footprint by improving efficiencies, protecting resources, and reducing emissions.
- **Safety:** Alcoa's safety strategy centers on fatality and injury prevention, risk management, and safety leadership.
- **Health:** Alcoa has various programs and initiatives that are designed to prevent occupational disease through health hazards controls and support personal health and well-being through Alcoa's workplace initiatives and services.
- **Social Performance:** Alcoa has a social performance management system deployed at locations globally that is designed to manage social risks, protect human rights, minimise negative impacts from operations, build stronger relationships with local stakeholders and identify growth opportunities.

6.6 DIVIDEND FRAMEWORK AND HISTORY

In October 2021, Alcoa announced the initiation of a quarterly cash dividend and Alcoa has declared and paid a quarterly cash dividend of US$0.10 per Alcoa Share since then. Alcoa currently intends to continue its quarterly cash dividend. Dividends are subject to authorisation by the Alcoa Board. The details of any future cash dividend declaration, including the payment and amount of such dividend and the timing and establishment of the record and payment dates, will be determined by the Alcoa Board. Alcoa's decision of whether to pay future cash dividends and the amount of any such dividends will be based on matters deemed relevant by the Alcoa Board, such as Alcoa's financial position, results of operations, cash flows, capital requirements, business conditions, the requirements of applicable law, and other factors the Alcoa Board may deem relevant.

6.7 DIRECTORS AND SENIOR MANAGEMENT

(a) Alcoa Board profiles

As of the date of this Scheme Booklet, the Alcoa Board comprises the following directors:

Name and Position	Profile
Mary Anne Citrino Director	Ms. Citrino has served as Senior Advisor of Blackstone, a multinational private equity, alternative asset management and financial services corporation, since 2015, and was Senior Managing Director of Blackstone from 2004 until 2015. At Blackstone, she advised a broad range of clients in the consumer products industry. Before joining Blackstone, she spent more than 20 years advising clients at Morgan Stanley, where she served as a Managing Director. Ms. Citrino serves as a Director of HP Inc., a multinational information technology public company that develops personal computers, printers, related supplies, and 3D printing solutions. Ms. Citrino also serves on the board of private companies, including Trilliant Food and Nutrition, LLC, a vertically integrated coffee manufacturer, ZO Skin Health, a skincare company, and Spanx, Inc., an apparel retailer.
Pasquale (Pat) Fiore Director	Mr. Fiore was Managing Director of Réseau express métropolitain, a Montreal light rail system, from 2021 to 2023. From 2020 to 2021, Mr. Fiore was a consultant for GNL Québec, where he previously served as President from 2018 to 2020, and oversaw the development of a liquified natural gas facility. Mr. Fiore held several positions with Rio Tinto from 2006 until his retirement in 2015, including Major Project Sponsor for a multi-billion dollar smelter modernisation project, Interim Chief Financial Officer of its aluminium business, President and Chief Executive Officer of its Global Bauxite and Alumina business in Australia, and Chief Operating Officer of the Atlantic Bauxite and Alumina business. Mr. Fiore also held several positions at QIT-Fer et Titane, a Canadian mining company, prior to and following its acquisition by Rio Tinto. Mr. Fiore serves as Chair of STAS Inc., a private company specialising in the development, fabrication, and commercialisation of process equipment for the aluminium industry. Mr. Fiore also serves as a Director on the board of Fe3dback, a private music streaming company. He has been a professional engineer in the Order of Professional Engineers of Québec since 1982.

Name and Position	Profile
Thomas J. Gorman Director	Mr. Gorman served as Chief Executive Officer of Brambles Ltd, an Australian-listed global supply chain logistics company, from 2009 until his retirement in 2017, having joined Brambles Ltd as President of Europe, Middle East, and Africa operations in 2008. Mr. Gorman served as the President of Ford Australia from 2004 to 2008 and oversaw the establishment of an Asia-Pacific engineering centre of excellence in Australia. Mr. Gorman joined the Ford Motor Company in 1987 and held several senior executive positions over his 21-year career at Ford, including positions in Europe, North America, and Australia. Mr. Gorman serves as a Director of Orora Limited, a public packaging company based in Australia, Sims Limited, a metal recycling company based in Australia, and Worley Limited, a public engineering consulting company based in Australia. Mr. Gorman also serves as Chairman of the Board of Trustees of the Maine Chapter of The Nature Conservancy.
James A. Hughes Director	Mr. Hughes has served as Managing Partner of EnCap Investments L.P. (**EnCap**), a private equity firm focusing on energy investments, since 2019. He formerly served as Chief Executive Officer and Managing Director of Prisma Energy Capital, a private entity focused on investments in energy storage, from 2017 until its acquisition by EnCap in 2019. He was the Chief Executive Officer and Director of First Solar, Inc., a global provider of comprehensive photovoltaic solar solutions from 2012 to 2016. From 2007 to 2011, Mr. Hughes was Chief Executive Officer and Director of AEI Services LLC, a private company that owned and operated power distribution, generation, and transportation businesses in emerging markets, and prior to that, he engaged in investing that focused on micro-cap investments in distressed manufacturing assets. Previously, he served as President and Chief Operating Officer of Prisma Energy International and in various executive positions with Enron Corporation. Mr. Hughes serves as a Director of TPI Composites, Inc., a public company that manufactures wind blades for the wind energy market and PNM Resources, Inc., a public electric utility holding company based in New Mexico. Mr. Hughes is a former Chairman and former Director of the Los Angeles Branch of the Federal Reserve Bank of San Francisco. He is currently a member of the Energy Advisory Council of the Federal Reserve Bank of Dallas.
Roberto O. Marques Director	Mr. Marques has served as a Senior Advisor at The Carlyle Group, a global diversified private investment firm, since 2023. Mr. Marques was a director of Natura & Co Holding SA (**Natura & Co**) from 2016 through 2022, during which time he served as the Executive Chair of the board of directors from 2017 to 2022. Mr. Marques was Group Chief Executive Officer of Natura & Co from 2020 to 2022. From 2015 to 2017, Mr. Marques was Executive Vice President and President, North America at Mondelez International Inc. Prior to that, Mr. Marques held various global and regional senior executive positions at Johnson & Johnson in Latin American, North America, and Europe. Mr. Marques serves as the Chairman of Beautycounter and serves as a Director of Compana Pet Brands, both Carlyle privately held companies. Additionally, he serves as a board member of We Mean Business Coalition, a non-profit organisation focused on climate change actions, and the United States Tennis Association Foundation.
William F. Oplinger President, CEO and Director	Mr. Oplinger has served as President and Chief Executive Officer of Alcoa since September 2023. Mr. Oplinger served as Executive Vice President and Chief Operations Officer of Alcoa from February 2023 until September 2023. From 2016 to February 2023, Mr. Oplinger was Executive Vice President and Chief Financial Officer of Alcoa. Prior to this, Mr. Oplinger served as Executive Vice President and Chief Financial Officer of Alcoa Inc., Alcoa's former parent company, 2013 to 2016. Mr. Oplinger joined Alcoa Inc. in 2000 and held key positions in financial analysis and planning and as Director of Investor Relations. Mr. Oplinger also held principal positions in Alcoa Inc.'s Global Primary Products division, including as Controller, Operational Excellence Director, Chief Financial Officer, and Chief Operating Officer. Mr. Oplinger serves on the advisory board of Ridgeline Royalties, a supplier of royalty and stream financing for miners of certain metals.
Carol L. Roberts Director	Ms. Roberts was Senior Vice President and Chief Financial Officer of International Paper Company (**IP**), a global packaging and paper company, from 2011 until her retirement in 2017. Ms. Roberts has over 35 years of industrial manufacturing experience, having worked in multiple facilities and across various functions at IP. Before being named Chief Financial Officer in 2011, Ms. Roberts led IP's largest business, the Industrial Packaging Group. Ms. Roberts also served as IP's Vice President of People Development, during which she developed human resources programs that had a major impact on IP's talent management and employee engagement. Ms. Roberts served in a variety of operational and technical roles since beginning her career with IP in 1981 as an associate engineer. Ms. Roberts serves as a Director of V.F. Corporation, a global apparel and footwear public company. Ms. Roberts serves on the Board of Trustees for the University of Memphis and on the board of Divergent 3D, a private company, which utilises cutting edge technology, including 3D printing, for vehicle manufacturing.

Name and Position	Profile
Jackson (Jackie) P. Roberts Director	Ms. Roberts has served as Senior Advisor of ESG matters to each of the investment firms Hunter Point Capital and Capitol Meridian Partners since 2021. Ms. Roberts was the Chief Sustainability Officer of AppHarvest Inc., an applied technology company developing and operating indoor farms, from 2020 to 2022. Ms. Roberts held various executive roles at The Carlyle Group from 2014 to 2020, including as Managing Director and Chief Sustainability Officer. Ms. Roberts previously held various positions over seventeen years at the Environmental Defense Fund. Ms. Roberts has also served as a senior faculty fellow at Harvard Business School. She began her career as an engineer for the US Environmental Protection Agency. Ms. Roberts serves on the boards of PurposeBuilt Brands, LLC and The Conservation Innovation Fund. Ms. Roberts also serves on the Steering Committee of the Smart Surfaces Coalition and on the Sustainability Advisory Council at American University's Kogod School of Business.
Steven W. Williams Director, Non-Executive Chairman of the Board of Directors	Mr. Williams has served as Chairman of the Board since 2021. Mr. Williams was the Chief Executive Officer and director of Suncor Energy, a Canadian integrated energy company, from 2012 until his retirement in 2019, and he served as President of Suncor Energy from 2011 to 2018. His career with Suncor Energy began in 2002 when he was appointed Executive Vice President, Corporate Development and Chief Financial Officer. He also served at Suncor Energy as Executive Vice President, Oil Sands, from 2003 to 2007 and as Chief Operating Officer, from 2007 to 2011. Mr. Williams has more than 40 years of international energy industry experience, including 18 years at Esso/Exxon. Mr. Williams currently serves as Chairman of Enbridge Inc., a multinational pipeline and energy public company and Smiths Group plc, a multinational, diversified engineering public company. Mr. Williams is a fellow of the Institution of Chemical Engineers, a member of the Institute of Directors, and is a member of the National Associate of Corporate Directors. He is one of 12 founding Chief Executive Officer's of Canada's Oil Sands Innovation Alliance, and a former member of both the advisory board of Canada's Ecofiscal Commission and the Board of the Business Council of Canada.
Ernesto Zedillo Director	Dr. Zedillo has been a professor at Yale University since 2002, where he is the Frederick Iseman '74 Director of the Yale Center for the Study of Globalisation, Professor in the Field of International Economics and Politics, Professor of International and Area Studies, Professor Adjunct of Forestry and Environmental Studies, and Senior Fellow at the Jackson School of Global Affairs. He was a Distinguished Visiting Fellow at the London School of Economics in 2001. Dr. Zedillo was President of Mexico from 1994 to 2000. He served in the Federal Government of Mexico as Secretary of Education (1992–1993), Secretary of Economic Programming and the Budget and board member of various state-owned enterprises, including PEMEX, Mexico's national oil company (1988–1992), and Undersecretary of the Budget (1987–1988). Prior to that time, Dr. Zedillo served as deputy manager of economic research and deputy director of the central bank of Mexico and was the founding General Director of the Trust Fund for the Coverage of Exchange Risks. He also taught economics at the National Polytechnic Institute and El Colegio de Mexico. Dr. Zedillo belongs to the international advisory boards of Iberdrola, a multinational renewable energy private company based in Spain, and NTT Data (previously Everis), an information technology services and consulting private company also based in Spain.

(b) Alcoa Executive Officer profiles

As of the date of this Scheme Booklet, the Alcoa Executive Officers are the following individuals:

Name and Position	Profile
William F. Oplinger President and CEO	Please see summary above in section 6.7(a).
Molly S. Beerman Executive Vice President and CFO	Ms. Beerman has served as Executive Vice President and Chief Financial Officer of Alcoa since 1 February 2023. Prior to this, Ms. Beerman was Senior Vice President and Controller of Alcoa from November 2019 through January 2023 and Vice President and Controller from December 2016 through October 2019. Ms. Beerman was Director, Global Shared Services Strategy and Solutions from November to December 2016. In 2016, Ms. Beerman held a consulting role with the Finance Department of Alcoa Inc. From 2012 to 2015, Ms. Beerman served as Vice President, Finance and Administration for a non-profit organisation focused on community issues. Prior to that, Ms. Beerman was employed by Alcoa Inc. from 2001 to 2012, having held several roles in the finance function and eventually becoming the director of global procurement center of excellence from 2008 to 2012. Ms. Beerman is a certified public accountant.

Name and Position	Profile
Renato Bacchi Executive Vice President and Chief Commercial Officer	Mr. Bacchi is Executive Vice President and Chief Commercial Officer. Mr. Bacchi has served as Executive Vice President and Chief Commercial Officer of Alcoa since 1 August 2023. He leads Alcoa's sales and trading, marketing, supply chain, commercial operations, procurement, and transformation and oversees Alcoa's global energy assets and innovation and technology programs. Mr. Bacchi was Executive Vice President and Chief Strategy and Innovation Officer of Alcoa from February 2023 to August 2023. Previously, he was Executive Vice President and Chief Strategy Officer from February 2022 through January 2023, Senior Vice President and Treasurer from November 2019 through January 2022, and Vice President and Treasurer from November 2016 through October 2019. Prior to the separation of Alcoa from Alcoa Inc. in 2016, Mr. Bacchi served as the Assistant Treasurer of Alcoa Inc. from October 2014 through October 2016 and as the Director, Corporate Treasury from 2012 to 2014. Prior to this time, Mr. Bacchi held various roles of increasing responsibility in areas including finance, strategy, procurement, energy and sales. Mr. Bacchi joined Alcoa Inc. in Brazil in 1997.
Nicol Gagstetter Executive Vice President and Chief External Affairs Officer	Ms. Gagstetter is Executive Vice President and Chief External Affairs Officer. Ms. Gagstetter has served as Executive Vice President and Chief External Affairs Officer of Alcoa since 1 October 2023. Ms. Gagstetter is responsible for global external affairs, communications, and sustainability, and she oversees the Alcoa Foundation. Ms. Gagstetter was the Global Head of Environment and Social, Copper Industrial Assets at Glencore International AG, a commodity trading and mining company, from August 2021 through September 2023. Previously, she held a variety of progressive leadership roles and positions across external affairs, sustainability, and marketing in Rio Tinto's Commercial, Minerals, and Copper groups from 2008 to 2021.
Andrew Hastings Executive Vice President and General Counsel	Mr. Hastings is Executive Vice President and General Counsel. Mr. Hastings has served as Executive Vice President and General Counsel of Alcoa since 1 September 2023. Mr. Hastings has overall responsibility for Alcoa's global legal, compliance, governance, and security matters. Prior to joining Alcoa, Mr. Hastings was Senior Vice President and General Counsel at Lundin Mining Corporation, a mine owner and operator, from February 2019 through August 2023. Previously, Mr. Hastings held progressive legal and commercial roles at Barrick Gold Corporation, a mining company, most recently as Vice President, Joint Venture Governance from May 2018 to February 2019.
Tammi A. Jones Executive Vice President and Chief Human Resources Officer	Ms. Jones is Executive Vice President and Chief Human Resources Officer for Alcoa, focusing on all aspects of human resource management, including talent and recruitment, compensation and benefits, training and development and labour relations. Ms. Jones has served as Executive Vice President and Chief Human Resources Officer of Alcoa since 1 April 2020. Ms. Jones oversees all aspects of human resources management, including talent and recruitment, compensation and benefits, diversity, inclusion, and equity, training and development, and labour relations. Ms. Jones served as Vice President, Compensation and Benefits of Alcoa from January 2019 through March 2020 and was the Director, Organisational Effectiveness from April 2017 to December 2018. From April 2015 through March 2017, Ms. Jones served as Human Resources Director, Aluminium (at Alcoa Inc. until the separation of Alcoa from Alcoa Inc. in 2016), and she served as Human Resources Director for Alcoa Inc. Wheels and Transportation Products from April 2013 to April 2015. Ms. Jones joined Alcoa Inc. in 2006 and held a variety of human resource positions at Alcoa Inc., including Human Resources Director, Europe Building & Construction and Human Resources Director, UK and Ireland in Alcoa Inc.'s Building and Construction Systems division.
Matthew T. Reed Executive Vice President and Chief Operations Officer	Mr. Reed is Executive Vice President and Chief Operations Officer. Mr. Reed has served as Executive Vice President and Chief Operations Officer of Alcoa since 1 January 2024. Mr. Reed is responsible for the daily operations of Alcoa's global bauxite, alumina, and aluminium assets. Mr. Reed was previously Vice President Operations, Australia and President, Alcoa of Australia from June 2023, when he joined Alcoa, through December 2023. Prior to joining Alcoa, Mr. Reed was the Operations Executive (Chief Operations Officer) of OZ Minerals Limited, a mining company based in South Australia, from September 2021 through May 2023. He was General Manager, Projects at OZ Minerals Limited from January 2021 through August 2021. Previously, Mr. Reed was the Executive Managing Director (COO) at SIMEC Mining, a mining company based in South Australia, from September 2017 through December 2020.

6.8 INTERESTS OF THE ALCOA DIRECTORS AND EXECUTIVE OFFICERS

(a) Shareholding interests in Alumina

As at the Last Practicable Date, none of the Alcoa Directors or Alcoa Executive Officers had any Relevant Interest or voting power in any Alumina Shares.

(b) Shareholding interests in Alcoa

The below table sets out the ownership of Alcoa Shares by each Alcoa Directors and the Alcoa Executive Officers as of the Last Practicable Date:

Name	Total Beneficial Ownership[46]	Percentage of Class Beneficially Owned	Additional Underlying Stock Units[47]	Total
Alcoa Directors				
Steven W. Williams	87,965	*	4,017	91,982
Mary Anne Citrino	44,426	*	4,017	48,443
Pasquale (Pat) Fiore	28,522	*	4,017	32,539
Thomas J. Gorman	11,088	*	4,017	15,105
James A. Hughes	41,391	*	4,017	45,408
Roberto Marques	3,561	*	4,017	7,578
Carol L. Roberts	41,391	*	17,588	58,979
Jackson (Jackie) P. Roberts	7,433	*	4,017	11,450
Ernesto Zedillo	45,064	*	45,751	90,815
Alcoa Executive Officers				
William F. Oplinger[48]	85,294	*	145,127	230,421
Molly S. Beerman	42,827	*	44,340	87,167
Renato Bacchi	44,834	*	36,350	81,184
Nicol Gagstetter	0	*	18,860	18,860
Tammi A. Jones	7,550	*	42,940	50,490
Matt Reed	0	*	28,230	28,230
Andrew Hastings	0	*	21,680	21,680
Total (16 individuals)	**491,346**	*	**428,985**	**920,331**

*Indicates that the percentage of beneficial ownership does not exceed 1%, based on 179,561,504 Alcoa Shares outstanding as of 31 May 2024.

46. This column shows beneficial ownership of Alcoa Shares as calculated under SEC Rules. This column includes vested share units held by non-employee Alcoa Directors that are payable upon separation from service from the Alcoa Board. This column includes, for Alcoa Executive Officers, share equivalent units held in Alcoa's retirement savings plan that confer voting rights through the plan trustee with respect to Alcoa Shares. This column also includes Alcoa Shares that may be acquired under employee Incentive Options that are exercisable as of 31 May 2024 or will become exercisable within 60 days thereafter. Non-employee Alcoa Directors do not have Incentive Options. This column does not include RSUs granted to the Alcoa Executive Officers that will not or could not be earned and/or paid within 60 days of 31 May 2024. **47.** For Alcoa Executive Officers and non-employee Alcoa Directors, respectively, this column includes deferred share units held under the Deferred Compensation Plan for executives and deferred share units (acquired due to certain Alcoa Directors' service on the board of Alcoa's former parent company). Deferred share units are payable in cash and do not have voting rights. For non-employee Alcoa Directors, this column includes unvested RSUs, which have time-based vesting and are payable following an Alcoa Director's separation from service from the Alcoa Board, pursuant to the terms of Alcoa's policies. For Alcoa Executive Officers, this column includes unvested time-based RSUs that will not or could not be earned and/or paid within 60 days of 30 April 2024. For Alcoa Executive Officers, this column does not include performance-based RSUs, which, in addition to service-based vesting criteria, have performance-based criteria that render the total amount of shares ultimately issuable indeterminable until such awards are deemed earned and payable by the Compensation and Benefits Committee after the end of the applicable performance period. **48.** Mr. Oplinger also is an Alcoa Director.

6.9 ALCOA EQUITY INCENTIVE PLANS

All employees and non-employee Alcoa Directors and of its Subsidiaries (collectively, **Alcoa Employees**), have the opportunity to be selected to participate in the Alcoa Incentive Plan to obtain rights to shares of Alcoa Shares or other property. Under the Alcoa Incentive Plan, such Alcoa Employees may be granted, among other awards, a stock option (**Incentive Option**) that gives them the right to purchase a specified number of Alcoa Shares, provided that certain vesting and other requirements are satisfied, or Restricted Stock Units (**RSUs**) that will enable them to acquire Alcoa Shares. Up to 30 million Alcoa Shares may be issued under the Alcoa Incentive Plan.

(a) Incentive Options

An Incentive Option granted under the Alcoa Incentive Plan gives the Alcoa Incentive Plan Participant the right, but not the obligation, to purchase Alcoa Shares at a fixed price. The Incentive Options may be exercised once the vesting period is satisfied and any other conditions are met. The number of Alcoa Shares subject to an Incentive Option will be set out in a stock option agreement that is provided to employees who receives an offer of an Incentive Option under the Alcoa Incentive Plan.

During the Incentive Option vesting period, the Alcoa Incentive Plan Participant must generally remain in the continuous employ or service of Alcoa or one of its Subsidiaries, although an exception is made in the event that the Alcoa Incentive Plan Participant's employment or service is terminated due to death and other specified reasons set forth in the option agreement. Once an Incentive Option is vested, it may be exercised by the Alcoa Incentive Plan Participant, provided that the Alcoa Incentive Plan Participant remains in the employ or service of Alcoa or one of its Subsidiaries as provided in the option agreement.

Alcoa has not issued any new Incentive Options since 2020.

(b) RSUs

An RSU granted under the Alcoa Incentive Plan represents Alcoa's unsecured promise to issue one Alcoa Share to the Alcoa Incentive Plan Participant upon vesting of the RSU. The number of Alcoa Shares subject to an RSU will be set out in an RSU agreement that is provided to employees who receive an offer of an RSU under the Alcoa Incentive Plan. There is no minimum number of shares that must be granted pursuant to an RSU. During the RSU vesting period, the Alcoa Incentive Plan Participant must remain in the continuous employ or service of Alcoa or one of its Subsidiaries, although certain exceptions are made in the event the Alcoa Incentive Plan Participant's death or for other specified reasons set forth in the RSU agreement. Alcoa Incentive Plan Participants will generally not be required to pay any consideration to receive the shares issuable once an RSU is vested.

For Performance based RSUs (**PRSU**), performance hurdles are typically based on achievement against cumulative three-year performance targets related to the following metrics:

- Relative TSR (35%),
- Average ROE (35%), and
- Carbon Intensity (30%).

If vesting of RSUs is subject to a performance condition, the performance period is three years which may consist of a single performance period or multiple interim periods determined by the Compensation and Benefits Committee. If vesting of RSUs is not subject to performance conditions, as of 2024, RSUs will vest rateably in one-third increments on the first, second and third anniversary dates of the relevant grant date. The maximum award level is 200% of the target award.

The following table sets out the typical performance periods for the PRSUs authorised for issuance under the Alcoa Incentive Plan as at 21 February 2024.

Grant Date	Grant Price	Performance Period
26 January 2022	USD$60.75	1 January 2022 – 31 December 2024
22 February 2023	USD$48.98	1 January 2023 – 31 December 2025
21 February 2024	USD$27.96	1 January 2024 – 31 December 2026

(c) Nature of the Offer

The Incentive Options and RSUs generally may not be transferred and may be exercised by or vest in the Alcoa Incentive Plan Participant only. The Alcoa Incentive Plan Participant may freely transfer the Alcoa Shares acquired upon exercise of the Incentive Option or vesting of the RSUs; however there may be certain restrictions on any such Alcoa Shares as deemed advisable by the Compensation and Benefits Committee, including minimum holding period requirements, restrictions under applicable securities laws, or under the requirements of any stock exchange or market upon which such shares are then listed and/or traded.

(d) Option and RSU Price

The price of each Alcoa Share subject to an Incentive Option (the Option Price) will be fixed by the Compensation and Benefits Committee at the time the Incentive Option is granted. The Option Price will be not less than 100% of the closing price of Alcoa Shares as reported on the NYSE on the date that the Incentive Options are granted. The Option Price may be adjusted in the event of a reorganisation or change in capitalisation of Alcoa.

The following table sets out the Alcoa Shares authorised for issuance under the Alcoa Incentive Plan as at 31 December 2023:

	A	B	C
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[49]	Weighted–average exercise price of outstanding options, warrants and rights[50]	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)[51]
Equity compensation plans	3,936,806	US$26.73	10,455,239

6.10 CORPORATE GOVERNANCE

The Alcoa Board has established the following standing committees: audit committee (**Audit Committee**), a compensation and benefits committee (**Compensation and Benefits Committee**), a governance and nominating committee (**Governance and Nominating Committee**), and a safety, sustainability and public issues committee (**Safety, Sustainability and Public Issues Committee**).

In accordance with NYSE Listing Rules, each of the Audit, Compensation and Benefits, and Governance and Nominating Committees are composed entirely of independent directors. Audit Committee members must meet additional independence standards under the US federal securities laws, SEC Rules and NYSE Listing Rules. The Alcoa Board may, from time to time, establish or maintain additional or alternative committees that it determines to be necessary or appropriate. Copies of Alcoa's Corporate Governance Guidelines and board committee charters can be found on Alcoa's website at https://investors.alcoa.com/governance/governance-documents/default.aspx.

(a) Audit Committee

The Audit Committee is, among other things, responsible for the following:

- overseeing the integrity of Alcoa's financial statements and internal controls;
- Alcoa's compliance with legal and regulatory requirements;
- the consideration and review of the independent auditors' qualifications and independence;
- overseeing Alcoa's compliance with legal and regulatory requirements;
- Alcoa's policies related to financial risk, including risk assessment, major risk exposures, and the steps management has taken to monitor and control these exposures;
- Alcoa's risk management and strategy relating to cybersecurity, including cybersecurity developments and threats and the process for assessing, managing and mitigating material cybersecurity risks and threats;
- the performance of Alcoa's internal audit function and independent auditors; and
- preparing the audit committee report required by the rules of the SEC to be included in Alcoa's proxy statement.

(b) Compensation and Benefits Committee

The Compensation and Benefits Committee is, among other things, responsible for the following:

- reviewing and approving the compensation of Alcoa's officers, including the Chief Executive Officer;
- overseeing the administration of Alcoa's compensation and benefits plans;
- reviewing Alcoa's strategies related to human capital management;
- overseeing the management succession planning for Alcoa's officers (except the Chief Executive Officer); and
- preparing the compensation committee report required by the rules of the SEC to be included in Alcoa's proxy statement.

(c) Governance and Nominating Committee

The Governance and Nominating Committee is, among other things, responsible for the following:

- identifying individuals qualified to become Alcoa Board members and recommending such individuals to the Alcoa Board for nomination for election to the Alcoa Board;
- making recommendations to the Alcoa Board regarding director appointments to committees of the Alcoa Board;
- developing, recommending, and annually reviewing the Corporate Governance Guidelines and overseeing corporate governance matters;
- reviewing and recommending director compensation to the Alcoa Board; and
- coordinating an annual review of the Alcoa Board's performance.

(d) Safety, Sustainability and Public Issues Committee

The Safety, Sustainability and Public Issues Committee is, among other things, responsible for the following:

- providing guidance on matters relating to Alcoa's corporate and social responsibility, including but not limited to safety and health, good corporate citizenship, environmental sustainability, and social issues;
- considering current and emerging safety and health, environmental and sustainability, social, and political trends and major global legislative and regulatory developments or other government relations, trade, or public policy issues;

49. Represents shares underlying awards that have been granted under the terms of the Alcoa Incentive Plan. Table amounts are comprised of: 148,608 shares issuable pursuant to Incentive Options; 2,217,812 RSUs (employee time-based RSUs and deferred fee RSUs); and 1,570,386 PRSUs (assuming maximum achievement). **50.** Reflects the weighted-average exercise price of Incentive Options, and does not take into account RSUs or PRSUs, as such awards have no exercise price. **51.** This number only reflects Alcoa Shares available for issuance under the Alcoa Incentive Plan. Under the terms of the Alcoa Incentive Plan, any award, other than an option or stock appreciation right (SAR), will count as 1.63 shares against the remaining pool from 10 May 2017 and thereafter. Incentive Options and SARs will be counted as one share for each Incentive Option or SAR.

- advising the Alcoa Board and management on significant public policy issues that are pertinent to Alcoa and its stakeholders; and
- overseeing Alcoa's policies and practices relating to its political activities and charitable activities.

6.11 HISTORICAL FINANCIAL INFORMATION

(a) Overview

The financial information of the Alcoa set out in this section 6.11 (**Alcoa Financial Information**) comprises:

- Alcoa Statement of Consolidated Operations for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and the quarters ended 31 March 2024 and 31 March 2023;
- Alcoa Consolidated Balance Sheet as at 31 March 2024, 31 December 2023 and 31 December 2022;
- Alcoa Statement of Consolidated Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and the quarters ended 31 March 2024 and 31 March 2023; and
- Alcoa Statement of Changes in Consolidated Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and the quarters ended 31 March 2024 and 31 March 2023.

PricewaterhouseCoopers Securities Ltd (as Investigating Accountant), has reviewed the:

- Alcoa Statement of Consolidated Operations for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024;
- Alcoa Consolidated Balance Sheet as at 31 March 2024;
- Alcoa Statement of Consolidated Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024; and
- Alcoa Statement of Consolidated Changes in Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024

in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Independent Limited Assurance Report, included in Annexure B. Alumina Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

Alcoa's consolidated financial statements, including all notes to the consolidated financial statements and a description of Alcoa's significant accounting policies can be found in the following as filed with the SEC:

- Alcoa's Annual Report for the financial year ended 31 December 2023 (filed with the SEC on 21 February 2024); and
- Alcoa's Quarterly Report for the quarters ended 31 March 2024 filed with the SEC on 2 May 2024.

The full reports for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and the quarters ended 31 March 2024 and 31 March 2023 are available on Alcoa's website at https://investors.alcoa.com/home/default.aspx or the SEC website at www.sec.gov.

This section 6.11 should be read in conjunction with the risks to which Alcoa is subject and the risks associated with the Scheme, as set out in section 8.

(b) Basis of preparation

The Alcoa Financial Information is intended to present Alumina Shareholders with information to assist them in understanding the financial performance, financial position and cash flows of Alcoa. Alcoa management is responsible for the preparation and presentation of the Alcoa Financial Information.

The Alcoa Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Alcoa Financial Information has been prepared in accordance with the recognition and measurement principles of U.S. GAAP. The accounting policies used in preparation of the Alcoa Financial Information are consistent with those set out in Alcoa's Annual Report for the year ended 31 December 2023.

The Alcoa Financial Information has been derived from Alcoa's consolidated financial statements for the years ended 31 December 2023, 31 December 2022, and 31 December 2021 and from Alcoa's consolidated financial statements for the quarters ended 31 March 2024 and 31 March 2023. The Alcoa Financial Information is presented in USD and, unless otherwise noted, is rounded to the nearest USD million.

Alcoa's consolidated financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, which were prepared in accordance with U.S. GAAP, were audited by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm for Alcoa in accordance with the standards of the Public Company Audit Oversight Board (United States) (**PCAOB**). PricewaterhouseCoopers LLP issued unqualified audit opinions on these consolidated financial statements.

The unaudited consolidated financial statements for the quarters ended 31 March 2024 and 31 March 2023 were prepared in accordance with U.S. GAAP and the applicable rules and regulations of the SEC for interim financial information. Accordingly, they do not contain all of the information and footnotes required by U.S. GAAP for full financial statements. PricewaterhouseCoopers LLP performed the review of Alcoa's interim consolidated financial statements filed with the SEC in accordance with the standards of the PCAOB.

The Alcoa Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements, or comparative information that is required by U.S. GAAP applicable for full financial statements or financial statements prepared in accordance with the applicable rules and regulations of the SEC.

(c) Alcoa Statement of Consolidated Operations

The Alcoa Statement of Consolidated Operations for the years ended 31 December 2023, 31 December 2022, and 31 December 2021 and the quarters ended 31 March 2024 and 31 March 2023 are set out in the following table:

Table 6.11.1

ALCOA STATEMENT OF CONSOLIDATED OPERATIONS

US$ millions	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Quarter ended 31 March 2024	Quarter ended 31 March 2023
Sales	10,551	12,451	12,152	2,599	2,670
Cost of goods sold (exclusive of expenses below)	9,813	10,212	9,153	2,404	2,404
Selling, general administrative, and other expenses	226	204	227	60	54
Research and development expenses	39	32	31	11	10
Provision for depreciation, depletion, and amortization	632	617	664	161	153
Restructuring and other charges, net	184	696	1,128	202	149
Interest expense	107	106	195	27	26
Other expenses (income), net	134	(118)	(445)	59	54
Total costs and expenses	**11,135**	**11,749**	**10,953**	**2,924**	**2,850**
(Loss) income before income taxes	(584)	702	1,199	(325)	(180)
Provision for (benefit from) income taxes	189	664	629	(18)	52
Net (loss) income	(773)	38	570	(307)	(232)
Less: Net (loss) income attributable to noncontrolling interest[1]	(122)	161	141	(55)	(1)
Net (loss) income attributable to Alcoa Corporation	**(651)**	**(123)**	**429**	**(252)**	**(231)**

(1) Noncontrolling interest relates to Alumina's minority 40% interest in Alcoa controlled entities. Refer to **Table 7.7.2** where this has been adjusted on a Combined Group Pro Forma basis.

Overview of results

2023

Net loss attributable to Alcoa for the year ended 31 December 2023 was $651 million, an increase of $528 million as compared to 2022.

Sales decreased $1,900 million in 2023 compared to 2022 primarily as a result of lower average realised prices of aluminum and alumina, lower shipments across both segments, lower trading activities and a decrease in value add product sales, partially offset by higher volumes and price from bauxite offtake and supply agreements.

Cost of goods sold decreased by $399 million in 2023, as compared to 2022. Cost of goods sold as a percent of Sales decreased 11 percentage points as compared to 2022 due to lower average realised prices of aluminum and alumina; higher production costs primarily related to operating certain of the Australian refineries with lower grade bauxite, the partial curtailment of the San Ciprián refinery, and increased maintenance; and a decrease in value add sales. These were partially offset by lower energy costs and favourable currency impacts.

In 2023, Restructuring and other charges, which netted to $184 million, decreased by $512 million compared to 2022. The charges in 2023 primarily related to $101 million for the permanent closure of the previously curtailed Intalco aluminum smelter, and $53 million for the updated viability agreement for the San Ciprián aluminum smelter.

Other expenses were $134 million in 2023, a decrease of $252 million compared to Other income recognised in 2022. This was driven by mark-to-market results on derivative instruments primarily due to the absence of prior year gains driven by elevated power prices in 2022, a decrease in equity earnings from the Ma'aden aluminum joint venture and higher equity losses from the Ma'aden bauxite and alumina joint venture. These were partially offset by lower pension expense primarily due to a decrease in recognised net actuarial losses subsequent to pension annuity transactions and favourable currency revaluation impacts.

The provision for income taxes of $189 million in 2023 decreased by $475 million from 2022 primarily due to lower income in the jurisdictions where taxes were paid. Additionally, tax expense in 2023 included a charge of $152 million to record a full valuation allowance against deferred tax assets of Alcoa World Alumina Brasil Ltda. (AWAB), partially offset by the full reversal of the valuation allowance of $58 million recorded against the deferred tax assets of the Alcoa's subsidiaries in Iceland. Tax expense in 2022 included charges of $217 million to record a full valuation allowance against the deferred tax assets of Alcoa Alumínio (Alumínio) and $30 million primarily to write off the deferred tax assets of Alcoa Norway ANS due to a legal entity restructuring, partially offset by a tax benefit of $33 million due to changes in the utilization of the tax holiday rate in AWAB.

Net (loss) income attributable to noncontrolling interest is entirely attributable to Alumina and its 40% interest in AWAC. Refer to Section 5.3(c) where this is discussed.

2022

Net loss attributable to Alcoa for the year ended 31 December 2022 was $123 million, a decrease of $552 million as compared to 2021.

Sales increased $299 million in 2022 compared to 2021 primarily as a result of higher average realised prices of aluminum and alumina, an increase in value add product sales, higher shipments from the Alumar smelter and Portland smelter due to restarts and favourable changes to customer mix in the Alumina segment. These increases were partially offset by lower trading activities, lower shipments, the absence of sales from the divested Warrick Rolling Mill, decreased sales from the San Ciprián smelter due to the smelter curtailment and decreased sales from lower pricing at the Brazil hydro–electric facilities as 2021 drought conditions elevated prices in the prior period.

Cost of goods sold increased $1,059 million in 2022 compared to 2021. Cost of goods sold as a percentage of sales increased 7 percentage points in 2022 compared to 2021 primarily as a result of higher raw material costs due to inflation pressures and multiple supply chain disruptions, higher energy costs, primarily in Europe and higher costs associated with maintenance, transportation, direct material usage and labour. These were partially offset by higher average realised prices of aluminum and alumina and an increase in value add product sales.

Restructuring and other charges, net decreased by $432 million compared to 2021. The charges in 2022 primarily related to $632 million for U.S. pension group annuity contracts and lump sum settlements, $79 million for the agreement reached with the workers of the divested Avilés and La Coruña facilities and $58 million for an asset impairment related to the sale of Alcoa's interest in the MRN mine and $29 million for the permanent closure of the previously curtailed magnesium smelter in Addy (Washington). These were partially offset by an $83 million reversal of Brazil state VAT valuation allowance associated with the restart of the Alumar smelter.

Other income of $118 million in 2022 decreased $327 million from 2021 primarily as a result of the absence of gains on the sale of the former Rockdale site, the former Eastalco site, and the Warrick Rolling Mill and a decrease in equity earnings from the Ma'aden bauxite and alumina joint venture and aluminum joint venture. These were partially offset by favourable mark–to–market results on derivative instruments due to higher power prices in 2022.

The Provision for income taxes in 2022 was $664 million, an increase of $35 million compared to 2021. The increase in tax expense was primarily attributable to a charge to record a full valuation allowance of $217 million against the deferred tax assets of Alcoa Alumínio (Alumínio), and a charge of $30 million primarily to write off the deferred tax assets of Alcoa Norway ANS due to a legal entity restructuring in 2022. This increase was partially offset by a tax benefit of $33 million recognised due to changes in the utilization of the tax holiday rate in AWAB, lower income in some of the jurisdictions where Alcoa records taxes, and a valuation allowance of $103 million recorded in 2021 against the net deferred tax assets of Alúmina Española, S.A (Española).

Net (loss) income attributable to noncontrolling interest is entirely attributable to Alumina and its 40% interest in AWAC. See section 5.3(c).

2021

Net income attributable to Alcoa for the year ended 31 December 2021 was $429 million, an increase of $599 million as compared to 2020.

Sales increased $2,866 million in 2021 as compared to 2020 primarily as a result of higher average realised prices for aluminum and alumina, the restart of the Bécancour smelter, higher value add product sales and favourable pricing at the Brazil hydro–electric facilities. This was partially offset by the absence of sales from the divested Warrick Rolling Mill and the curtailment of the Intalco (Washington) smelter.

Cost of goods sold increased $1,184 million in 2021 compared to 2020. Cost of goods sold as percentage of sales decreased 10.5 percentage points compared to 2020 primarily as a result of higher average realized prices for aluminum and alumina, higher value add product sales and favourable pricing at the Brazil hydro–electric facilities. This was partially offset by higher market energy prices, primarily due to a new gas contract commencing June 2020 for the Australia alumina refineries and higher market energy prices in Europe and Brazil and higher market prices for raw materials primarily due to inflation and isolated supply chain issues.

Restructuring and other charges, net increased by $1,024 million in 2021 compared to 2020. The charge in 2021 primarily related to $858 million for U.S. pension group annuity contracts and lump sum settlements, $80 million for the permanent closure of the previously curtailed Wenatchee (Washington) smelter, $63 million for Suriname pension group annuity contract, $62 million for the temporary curtailment of the San Ciprián (Spain) smelter, $47 million for the settlement of certain pension benefits and $27 million for the permanent close of the anode portion of the Lake Charles (Louisiana) facility.

Other income of $445 million increased $453 million primarily as a result of the gain on the sale of non–core assets including the former Rockdale site, the former Eastalco site, and the Warrick Rolling Mill, higher equity earnings primarily from the Ma'aden aluminum joint venture and lower non–service costs related to pension and OPEB. These were partially offset by the absence of a gain related to the divestiture of the Gum Springs waste treatment facility recognised in 2020.

The Provision for income taxes in 2021 was $629 million, an increase of $442 million compared to 2020. The increase in taxes was primarily attributable to the overall higher income before taxes as discussed above. Additionally, a valuation allowance of $103 million was recorded in 2021 against the net deferred tax assets of Alúmina Española, S.A (Española). In 2020, Alcoa generated losses in jurisdictions where it maintains a full tax valuation reserve resulting in no tax benefit. Accordingly, taxes in the jurisdictions where Alcoa records and pays tax expense represent a higher effective rate on income before taxes.

Net (loss) income attributable to noncontrolling interest is entirely attributable to Alumina and its 40% interest in AWAC. Refer to Section 5.3(c) where this is discussed.

Quarter ended March 2024

Net loss attributable to Alcoa for the quarter ended 31 March 2024 was $252 million, a decrease of $21 million as compared to the quarter ended 31 March 2023.

Sales decreased $71 million primarily as a result of lower average realised price of aluminum, lower volumes and price from bauxite offtake and supply agreements and a decrease in value add product sales partially offset by higher shipments of alumina and aluminum.

Cost of goods sold remained the same at $2,404 million. Cost of goods sold as percent of sales increased 2 percentage points compared to the first quarter of 2023 primarily as a result of a lower average realized price of aluminum, higher production costs, primarily in the Alumina segment partially offset by favourable raw material costs and lower energy costs in both Aluminum and Alumina.

Restructuring and other charges, net of $202 million increased by $53 million compared to the quarter ended 31 March, 2023. The charge in the first quarter of 2023 primarily related to $197 million for the curtailment of the Kwinana alumina refinery.

Net (loss) income attributable to noncontrolling interest is entirely attributable to Alumina and its 40% interest in AWAC. Refer to Section 5.3(c) where this is discussed.

(d) Alcoa Consolidated Balance Sheet

Alcoa Consolidated Balance Sheet as at 31 March 2024 and 31 December 2023 and 2022 is set out in the following table.

Table 6.11.2

ALCOA CONSOLIDATED BALANCE SHEET

US$ millions	As at 31 March 2024	As at 31 December 2023	As at 31 December 2022
Assets			
Current assets:			
Cash and cash equivalents	1,358	944	1,363
Receivables from customers	869	656	778
Other receivables	132	152	131
Inventories	2,048	2,158	2,427
Fair value of derivative instruments	22	29	134
Prepaid expenses and other current assets	452	466	417
Total current assets	**4,881**	**4,405**	**5,250**
Properties, plants, and equipment, net	6,577	6,785	6,493
Investments	969	979	1,122
Deferred income taxes	295	333	296
Fair value of derivative instruments	1	3	2
Other noncurrent assets	1,605	1,650	1,593
Total assets	**14,328**	**14,155**	**14,756**

US$ millions	As at 31 March 2024	As at 31 December 2023	As at 31 December 2022
Liabilities			
Current liabilities:			
Accounts payable, trade	1,586	1,714	1,757
Accrued compensation and retirement costs	331	357	335
Taxes, including income taxes	94	88	230
Fair value of derivative instruments	205	214	200
Other current liabilities	746	578	481
Long-term debt due within one year	79	79	1
Total current liabilities	**3,041**	**3,030**	**3,004**
Long-term debt, less amount due within one year	2,469	1,732	1,806
Accrued pension benefits	267	278	213
Accrued other postretirement benefits	437	443	480
Asset retirement obligations	718	772	711
Environmental remediation	197	202	226
Fair value of derivative instruments	925	1,092	1,026
Noncurrent income taxes	134	193	215
Other noncurrent liabilities and deferred credits	606	568	486
Total liabilities	**8,794**	**8,310**	**8,167**
Equity			
Shareholders' equity:			
Common stock	2	2	2
Additional capital	9,184	9,187	9,183
Accumulated deficit	(1,564)	(1,293)	(570)
Accumulated other comprehensive loss	(3,628)	(3,645)	(3,539)
Total shareholders' equity	3,994	4,251	5,076
Noncontrolling interest[1]	1,540	1,594	1,513
Total equity	**5,534**	**5,845**	**6,589**
Total liabilities and equity	**14,328**	**14,155**	**14,756**

Notes: **(1)** Noncontrolling interest relates to Alumina's minority 40% interest in Alcoa controlled entities.

(e) Alcoa Statement of Consolidated Cash Flows

The Alcoa Statement of Consolidated Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and for the quarters ended 31 March 2024 and 31 March 2023 are set out in the following table:

Table 6.11.3

ALCOA STATEMENT OF CONSOLIDATED CASH FLOWS

US$ millions	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Quarter ended 31 March 2024	Quarter ended 31 March 2023
Cash from Operations					
Net (loss) income	(773)	38	570	(307)	(232)
Adjustments to reconcile net (loss) income to cash from operations:					
Depreciation, depletion, and amortization	632	617	664	161	153
Deferred income taxes	(22)	219	147	(63)	(24)
Equity loss (income), net of dividends	201	4	(138)	23	93
Restructuring and other charges, net	184	696	1,128	202	149
Net loss (gain) from investing activities-asset sales	18	10	(354)	11	18
Net periodic pension benefit cost	6	54	47	3	1
Stock-based compensation	35	40	39	10	10
Premium paid on early redemption of debt	–	–	43	–	–
Loss (gain) on mark-to-market derivative financial contracts	26	(44)	(24)	2	(18)
Other	78	53	49	20	48
Changes in assets and liabilities, excluding effects of divestitures and foreign currency translation adjustments:					
Decrease (increase) in receivables	104	(59)	(414)	(212)	40
Decrease (increase) in inventories	243	(547)	(639)	71	17
Decrease (increase) in prepaid expenses and other current assets	39	44	(41)	(6)	4
(Decrease) increase in accounts payable, trade	(74)	189	354	(98)	(273)
Decrease in accrued expenses	(133)	(173)	(38)	(22)	(45)
(Decrease) increase in taxes, including income taxes	(146)	(152)	301	18	(13)
Pension contributions	(24)	(17)	(579)	(6)	(4)
(Increase) decrease in noncurrent assets	(210)	(87)	(160)	9	(29)
Decrease in noncurrent liabilities	(93)	(63)	(35)	(39)	(58)
Cash provided from (used for) operations	**91**	**822**	**920**	**(223)**	**(163)**

US$ millions	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Quarter ended 31 March 2024	Quarter ended 31 March 2023
Financing Activities					
Additions to debt	127	4	495	965	25
Payments on debt	(72)	(1)	(1,294)	(221)	(1)
Proceeds from the exercise of employee stock options	1	22	25	–	1
Repurchase of common stock	–	(500)	(150)	–	–
Dividends paid on Alcoa common stock	(72)	(72)	(19)	(19)	(18)
Payments related to tax withholding on stock-based compensation awards	(34)	(19)	(1)	(15)	(34)
Financial contributions for the divestiture of businesses	(52)	(33)	(17)	(7)	(14)
Contributions from noncontrolling interest	188	214	21	61	86
Distributions to noncontrolling interest	(30)	(379)	(215)	(6)	(6)
Other	1	(4)	(3)	(4)	1
Cash provided from (used for) financing activities	**57**	**(768)**	**(1,158)**	**754**	**40**
Investing Activities					
Capital expenditures	(531)	(480)	(390)	(101)	(83)
Proceeds from the sale of assets and businesses	4	5	966	1	1
Additions to investments	(70)	(32)	(11)	(17)	(20)
Sale of investments	–	10	–	–	–
Other	12	2	–	–	–
Cash (used for) provided from investing activities	**(585)**	**(495)**	**565**	**(117)**	**(102)**
Effect of exchange rate changes on cash and cash equivalents and restricted cash	**10**	**(9)**	**(13)**	**(6)**	**2**
Net change in cash and cash equivalents and restricted cash	(427)	(450)	314	408	(223)
Cash and cash equivalents and restricted cash at beginning of year	1,474	1,924	1,610	1,047	1,474
Cash and cash equivalents and restricted cash at end of period	**1,047**	**1,474**	**1,924**	**1,455**	**1,251**

(f) Alcoa Statement of Changes in Consolidated Equity

The Alcoa Statement of Changes in Consolidated Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 and for the quarters ended 31 March 2024 and 31 March 2023 are set out in the following tables:

Table 6.11.4

ALCOA STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (FOR THE YEAR ENDED)

US$ millions	Common stock	Additional capital	Accumulated deficit	Accumulated other Comprehensive (loss) income	Non-controlling interest	Total equity
Balance at 31 December 2020	2	9,663	(725)	(5,629)	1,705	5,016
Net income	–	–	429	–	141	570
Other comprehensive income (loss)	–	–	–	1,037	(39)	998
Stock-based compensation	–	39	–	–	–	39
Net effect of tax withholding for compensation plans and exercise of stock options	–	25	–	–	–	25
Repurchase of common stock	–	(150)	–	–	–	(150)
Dividends paid on Alcoa common stock ($0.10 per share)	–	–	(19)	–	–	(19)
Contributions	–	–	–	–	21	21
Distributions	–	–	–	–	(215)	(215)
Other	–	–	–	–	(1)	(1)
Balance at 31 December 2021	2	9,577	(315)	(4,592)	1,612	6,284
Net income	–	–	(123)	–	161	38
Other comprehensive income (loss)	–	–	–	1,053	(93)	960
Stock-based compensation	–	40	–	–	–	40
Net effect of tax withholding for compensation plans and exercise of stock options	–	3	–	–	–	3
Repurchase of common stock	–	(440)	(60)	–	–	(500)
Dividends paid on Alcoa common stock ($0.10 per share)	–	–	(72)	–	–	(72)
Contributions	–	–	–	–	214	214
Distributions	–	–	–	–	(379)	(379)
Other	–	3	–	–	(2)	1
Balance at 31 December 2022	2	9,183	(570)	(3,539)	1,513	6,589
Net income	–	–	(651)	–	(122)	(773)
Other comprehensive income (loss)	–	–	–	(106)	46	(60)
Stock-based compensation	–	35	–	–	–	35

US$ millions	Common stock	Additional capital	Accumulated deficit	Accumulated other Comprehensive (loss) income	Non-controlling interest	Total equity
Net effect of tax withholding for compensation plans and exercise of stock options	–	(33)	–	–	–	(33)
Dividends paid on Alcoa common stock ($0.10 per share)	–	–	(72)	–	–	(72)
Contributions	–	–	–	–	188	188
Distributions	–	–	–	–	(30)	(30)
Other	–	2	–	–	(1)	1
Balance at 31 December 2023	**2**	**9,187**	**(1,293)**	**(3,645)**	**1,594**	**5,845**

ALCOA STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (FOR THE QUARTER ENDED)

US$ millions	Common stock	Additional capital	Accumulated deficit	Accumulated other Comprehensive (loss) income	Non-controlling interest	Total equity
Balance at 31 December 2022	**2**	**9,183**	**(570)**	**(3,539)**	**1,513**	**6,589**
Net loss	–	–	(231)	–	(1)	(232)
Other comprehensive income (loss)	–	–	–	(116)	15	(101)
Stock-based compensation	–	10	–	–	–	10
Net effect of tax withholding for compensation plans and exercise of stock options	–	(33)	–	–	–	(33)
Dividends paid on Alcoa common stock ($0.10 per share)	–	–	(18)	–	–	(18)
Contributions	–	–	–	–	86	86
Distributions	–	–	–	–	(6)	(6)
Other	–	2	–	–	(1)	1
Balance at 31 March 2023	**2**	**9,162**	**(819)**	**(3,655)**	**1,606**	**6,296**
Balance at 31 December 2023	**2**	**9,187**	**(1,293)**	**(3,645)**	**1,594**	**5,845**
Net loss	–	–	(252)	–	(55)	(307)
Other comprehensive income (loss)	–	–	–	17	(53)	(36)
Stock-based compensation	–	10	–	–	–	10
Net effect of tax withholding for compensation plans and exercise of stock options	–	(15)	–	–	–	(15)
Dividends paid on Alcoa common stock ($0.10 per share)	–	–	(19)	–	–	(19)

US$ millions	Common stock	Additional capital	Accumulated deficit	Accumulated other Comprehensive (loss) income	Non-controlling interest	Total equity
Contributions	–	–	–	–	61	61
Distributions	–	–	–	–	(6)	(6)
Other	–	2	–	–	(1)	1
Balance at 31 March 2024	2	9,184	(1,564)	(3,628)	1,540	5,534

6.12 MATERIAL CHANGES IN ALCOA'S FINANCIAL POSITION

To the knowledge of Alcoa Directors, there have been no material changes to the financial position of Alcoa and Alcoa Group since 31 March 2024.

6.13 CREDIT FACILITIES AND OTHER EXISTING FINANCING ARRANGEMENTS

(a) Revolving Credit Facility

On 27 June 2022, Alcoa and ANHBV (as borrower) entered into an amendment and restatement agreement (the **Third Amendment and Restatement**) (as amended and restated, the **Revolving Credit Facility**) that provided additional flexibility to Alcoa and ANHBV by:

- extending the maturity date of the Revolving Credit Facility from November 2023 to June 2027;
- reducing the aggregate commitments under the facility from US$1,500 million to US$1,250 million;
- releasing the collateral package that had previously secured the Revolving Credit Facility, which would have continued so long as certain credit ratings were maintained;
- increasing the maximum leverage ratio from 2.75 to 1.00 to be 3.25 to 1.00, which increases following material acquisitions for four consecutive fiscal quarters following an acquisition;
- providing a debt to capitalisation ratio not to exceed .60 to 1.00 to replace the maximum leverage ratio upon a ratings upgrade to investment grade by Moody's Investor Service (**Moody's**) or Standard and Poor's Global Ratings (**S&P**); and
- providing flexibility for dividends and other restricted payments, to make investments and to incur additional indebtedness.

The Revolving Credit Facility implemented a sustainability adjustment to the applicable margin and commitment fee that may result in a positive or negative adjustment based on two of Alcoa's existing sustainability metrics.

On 26 July 2022, Moody's upgraded the rating of ANHBV's senior unsecured notes to Baa3 (investment grade).

In addition to the financial covenants, the Revolving Credit Facility included several customary affirmative and negative covenants (applicable to Alcoa and certain Subsidiaries described as restricted), that, subject to certain exceptions, include limitations on (among other things): indebtedness, liens, investments, sales of assets, restricted payments, entering into restrictive agreements, a covenant prohibiting reductions in the ownership of AWAC Entities and certain other specified restricted Subsidiaries of Alcoa, below an agreed level. The Revolving Credit Facility also contains customary events of default, including failure to make payments under the Revolving Credit Facility, cross-default and cross-judgment default, and certain bankruptcy and insolvency events.

(i) Amendment No. 1

On 17 January 2024, Alcoa, ANHBV and certain Subsidiaries of Alcoa entered into Amendment No. 1 (**Amendment No. 1**) to the Revolving Credit Facility (**Amended Revolving Credit Facility**). The Amended Revolving Credit Facility provides additional flexibility to Alcoa and ANHBV by temporarily:

- reducing the minimum interest coverage ratio required thereunder from 4.00 to 1.00 to be 3.00 to 1.00; and
- providing for a maximum addback for cash restructuring charges in Consolidated EBITDA (as defined in the Revolving Credit Facility) of US$450 million,

  in each case for the 2024 fiscal year.

As of 1 January 2025, the minimum interest coverage ratio requirement will revert to 4.00 to 1.00 and the maximum addback for cash restructuring charges in Consolidated EBITDA will revert to 15% of Consolidated EBITDA.

The requirement that Alcoa maintain a debt to capitalisation ratio not to exceed .60 to 1.00 was not changed by Amendment No. 1. In connection with Amendment No. 1, Alcoa also agreed to provide collateral for its obligations under the Amended Revolving Credit Facility, which will require it to execute all security documents to re-secure collateral under the Amended Revolving Credit Facility by, subject to certain exceptions, a first priority security interest in substantially all assets of Alcoa, ANHBV, the material United States domiciled wholly owned Subsidiaries of Alcoa and the material non-United States domiciled wholly owned Subsidiaries of Alcoa located in Australia, Brazil, Canada, Luxembourg, the Netherlands, Norway, and Switzerland including equity interests of certain Subsidiaries that directly hold equity interests in AWAC Entities.

The collateral would be released if, on or after 1 January 2025, Alcoa or ANHBV (as applicable):

- has at least two of the following three designated ratings:
  - Baa3 from Moody's;
  - BBB- from S&P; and
  - BBB- from Fitch Ratings, and
- does not have any designated rating lower than:
  - Ba1 from Moody's;
  - BB+ from S&P; and
  - BB+ from Fitch Ratings.

The Amended Revolving Credit Facility contains customary affirmative covenants, negative covenants, and events of default substantially comparable to the Revolving Credit Facility (other than those that are described above and other minor changes). The representations, warranties and covenants contained in the Amended Revolving Credit Facility were made only for purposes of Amendment No. 1 and as of specific dates and were solely for the benefit of the parties to the Amended Revolving Credit Facility.

As of 31 March 2024, Alcoa was in compliance with all financial covenants. Alcoa may access the entire amount of commitments under the Revolving Credit Facility. There were no borrowings outstanding at 31 December 2023 and 2022, and no amounts were borrowed during 2023 and 2022 under the Revolving Credit Facility. There remains no borrowings outstanding as of 31 March 2024.

(b) Receivables Purchase Agreement Facility

In 2023, a wholly-owned special purpose entity of Alcoa entered into a receivables purchase agreement facility with a financial institution (**Receivables Purchase Agreement**). Alcoa utilises the Receivables Purchase Agreement facility to sell up to US$130 million of certain receivables through a special purpose entity (**SPE**) to the financial institution on a revolving basis. Alcoa guarantees the performance obligations of its Subsidiaries, and unsold customer receivables are pledged as collateral to the financial institution to secure the sold receivables. At 31 December 2023, the SPE held unsold customer receivables of US$104 million pledged as collateral against the sold receivables. Alcoa continues to service the customer receivables that were transferred to the financial institution. As Alcoa collects customer payments, the SPE transfers additional receivables to the financial institution rather than remitting cash. In 2023, Alcoa sold gross customer receivables of US$591 million, and reinvested collections of US$477 million from previously sold receivables, resulting in net cash proceeds from the financial institution of US$114 million. Cash collections from previously sold receivables yet to be reinvested of US$99 million were included in accounts payable as of 31 December 2023.

(c) Japanese Yen Revolving Credit Facility

In April 2023, Alcoa entered into a one-year unsecured revolving credit facility for US$250 million (available to be drawn in Japanese yen) (the **Japanese Yen Revolving Credit Facility**). Subject to the terms and conditions under the facility, Alcoa or ANHBV may borrow funds. The facility included covenants that are substantially the same as those included in the Revolving Credit Facility as described above at section 6.13(a).

On 17 January 2024, Alcoa and ANHBV entered into Amendment No. 1 to the Japanese Yen Revolving Credit Facility (**Amended Japanese Yen Revolving Credit Facility**) which contains changes that are substantially the same as those included in the Amended Revolving Credit Facility (as described above at section 6.13(a)). Also in connection with this amendment, Alcoa agreed to provide collateral for its obligations with the same conditions as the Amended Revolving Credit Facility.

As of 31 March 2024, Alcoa was in compliance with all financial covenants. Alcoa may access the entire amount of commitments under the facility. During the first quarter of 2024, $201 million (29,686 JPY) was borrowed and $196 million (29,686 JPY) was repaid.

(d) 2031 Notes

On 21 March 2024, ANHBV (as issuer) completed a Rule 144A debt issuance for US$750 million aggregate principal amount of 7.125% Senior Notes due 2031 (the **2031 Notes**) with the following terms:

- net proceeds were approximately US$737 million, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortised to interest expense over the term;
- interest is paid semi-annually in March and September, which will begin on 15 September 2024;
- the agreement contains customary affirmative and negative covenants, as set out at section 6.13(h) below;
- option to redeem on at least 10 days', but not more than 60 days', prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after 15 March 2027, at a redemption price up to 103.563% of the principal amount, plus any accrued and unpaid interest;
- subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

Alcoa intends to use the net proceeds to finance and/or refinance, in whole or in part, new and/or existing qualifying projects that meet certain eligibility criteria within its Green Finance Framework. The net proceeds will also support Alcoa's cash position and ongoing cash needs, including with respect to its previously announced portfolio actions.

(e) 2029 Notes

In March 2021, ANHBV, completed a Rule 144A debt issuance for US$500 million aggregate principal amount of 4.125% Senior Notes due 2029 (the **2029 Notes**) with the following terms:

- net proceeds were approximately US$493 million, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortised to interest expense over the term;
- interest is paid semi-annually in March and September, which commenced 30 September 2021;
- the agreement contains customary affirmative and negative covenants, as set out at section 6.13(h) below;
- option to redeem on at least 10 days', but not more than 60 days', prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after 31 March 2024, at a redemption price up to 102.063% of the principal amount, plus any accrued and unpaid interest; and
- subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

Alcoa used the net proceeds of the 2029 Notes, together with cash on hand, to contribute US$500 million to its US defined benefit pension plans applicable to salaried and hourly employees on 1 April 2021, to redeem in full US$750 million aggregate principal amount of Alcoa's outstanding 6.75% Senior Notes due 2024 on 7 April 2021 and to pay transaction-related fees and expenses.

(f) 2027 Notes

In July 2020, ANHBV completed a Rule 144A debt issuance for US$750 million aggregate principal amount of 5.500% Senior Notes due 2027 (the **2027 Notes**) with the following terms:

- net proceeds were approximately US$736 million, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortised to interest expense over the term;
- interest is paid semi-annually in June and December, which commenced on 15 December 2020;
- the agreement contains customary affirmative and negative covenants, as set out at section 6.13(h) below;
- option to redeem on at least 15 days', but not more than 60 days', prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after 15 June 2023, at a redemption price up to 102.750% of the principal amount, plus any accrued and unpaid interest; and
- subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

Alcoa used the net proceeds of the 2027 Notes for general corporate purposes, including adding cash to its balance sheet.

(g) 2028 Notes

In May 2018, ANHBV completed a Rule 144A debt issuance for US$500 million aggregate principal amount of 6.125% Senior Notes due 2028 (the **2028 Notes**) with the following terms:

- net proceeds were approximately US$492 million, reflecting a discount to the initial purchasers as well as issuance costs. The discount, as well as costs to complete the financing, were deferred and are being amortised to interest expense over the term;
- interest is paid semi-annually in November and May, which commenced 15 November 2018;
- the agreement contains customary affirmative and negative covenants, as set out at section 6.13(h) below;
- option to redeem on at least 30 days', but not more than 60 days', prior notice to the holders under multiple scenarios, including, in whole or in part, at any time, or from time to time after May 2023, at a redemption price up to 103.063% of the principal amount, plus any accrued and unpaid interest; and
- subject to repurchase upon the occurrence of a change in control repurchase event (as defined in the indenture) at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest.

Alcoa used the net proceeds of the 2028 Notes, together with cash on hand, to make discretionary contributions to certain US defined benefit pension plans.

(h) General terms of the 2027 Notes, 2028 Notes, 2029 Notes and 2031 Notes

The agreements governing the 2027 Notes, 2028 Notes, 2029 Notes and 2031 Notes contain customary affirmative and negative covenants, such as limitations on liens, limitations on sale and leaseback transactions, and a prohibition on a reduction in the ownership of AWAC Entities below an agreed level. The negative covenants in the agreements are less extensive than those in the Amended Revolving Credit Facility as set out in section 6.13(a) above. For example, the indentures do not include a limitation on restricted payments, such as repurchases of common stock and dividends to stockholders.

The 2027 Notes, the 2028 Notes, the 2029 Notes and 2031 Notes are senior unsecured obligations of ANHBV and do not entitle the holders to any registration rights pursuant to a registration rights agreement. ANHBV does not intend to file a registration statement with respect to resales of or an exchange offer for the notes. The notes are guaranteed on a senior unsecured basis by Alcoa and its Subsidiaries that are guarantors under the Amended Revolving Credit Facility (the **Subsidiary Guarantors** and, together Notes with Alcoa, the **Guarantors**). Each of the Subsidiary Guarantors will be released from their guarantees upon the occurrence of certain events, including the release of such Guarantor from its obligations as a Guarantor under the Amended Revolving Credit Facility.

The 2027 Notes, the 2028 Notes, the 2029 Notes and 2031 Notes rank equally in right of payment with each other and with all of ANHBV'S future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of ANHBV; and are effectively subordinated to ANHBV's existing and future secured indebtedness, including under the Amended Revolving Credit Facility and Amended Japanese Yen Revolving Credit Facility, to the extent of the value of property and assets securing such indebtedness. The guarantees of the notes rank equally in right of payment with each other and with all the Guarantors' existing and future senior unsecured indebtedness; rank senior in right of payment to any future subordinated obligations of the Guarantors; and are effectively subordinated to the Guarantors' existing and future secured indebtedness, including under the Amended Revolving Credit Facility and Amended Revolving Credit Facility and Amended Japanese Yen Revolving Credit Facility, to the extent of the value of property and assets securing such indebtedness.

(i) Bank Guarantees and Letters of Credit

Alcoa and its Subsidiaries have outstanding bank guarantees and letters of credit related to, among others, energy contracts, environmental obligations, legal and tax matters, leasing obligations, workers compensation, and customs duties. The total amount committed under these instruments, which automatically renew or expire at various dates between 2024 and 2025, was US$294 million (includes US$86 million issued under a standby letter of credit agreement – see below) at 31 December 2023.

In December 2023, AofA committed to provide a bank guarantee for approximately US$68 million (A$100 million) which demonstrates Alcoa's confidence that its operations will not impair drinking water supplies.

In August 2017, Alcoa entered into a standby letter of credit agreement, which expires on 27 June 2024 (amended in August 2018, May 2019, May 2021, June 2022 and January 2024), with three financial institutions. The agreement provides for a US$200 million facility used by Alcoa for matters in the ordinary course of business. Alcoa's obligations under this facility are secured in the same manner as obligations under the Amended Revolving Credit Facility. Additionally, this facility contains similar representations and warranties and affirmative, negative, and financial covenants as the Amended Revolving Credit Facility. As of 31 December 2023, letters of credit aggregating US$86 million were issued under this facility.

6.14 CAPITAL STRUCTURE

As at the Last Practicable Date, Alcoa's issued securities consist of:

- 179,561,504 Alcoa Shares;
- 2,240,228 Time-based RSUs;
- 659,135 PRSUs; and
- 144,636 Incentive Options.

All issued Alcoa Shares carry one vote per share and carry the right to dividends.

Alcoa's time-based RSUs, PRSUs, and Incentive Options do not carry any voting rights or rights to dividends.

The following table sets out the outstanding shares in the capital of Alcoa as at the Last Practicable Date.

	Number of Shares	Price	Number of Shares on a fully diluted basis
Alcoa Shares	179,561,504	US$44.27	179,561,504
Time-based RSUs	2,240,228	US$0.00	2,240,228
PRSUs	659,135	US$0.00	659,135
2015 Incentive Options	1,249	US$34.83	266
2016 Incentive Options	29,654	US$15.10	19,539
2017 Incentive Options	11,922	US$37.68	1,775
2018 Incentive Options	29,620	US$53.30	0
2019 Incentive Options	17,142	US$27.96	6,315
2020 Incentive Options	55,049	US$16.29	34,793
Total			**182,523,556**

(a) Preferred Stock

As at the date of this Scheme Booklet, Alcoa is authorised to issue 100 million shares of preferred stock at a par value of US$0.01 per share.

As at the date of this Scheme Booklet, Alcoa had no issued preferred stock.

(b) Common Stock

Alcoa is authorised to issue 750 million shares of common stock at a par value of US$0.01 per share.

As at the Last Practicable Date, Alcoa had 179,561,504 issued and outstanding Alcoa Shares.

Under its employee stock-based compensation plan, Alcoa issued 1,089,040 Alcoa Shares in 2024 (as at the Last Practicable Date), 1,503,373 Alcoa Shares in 2023, 1,434,543 Alcoa Shares in 2022, and 1,305,979 Alcoa Shares in 2021. Alcoa issues new shares to satisfy the exercise of stock options and the conversion of stock units. As at the Last Practicable Date, 551,002,105 Alcoa Shares were available for issuance.

6.15 SUBSTANTIAL SHAREHOLDERS

As at the Last Practicable Date, in accordance with the latest 13G/A filed with the SEC, the substantial shareholders of Alcoa Shares were:

Substantial Alcoa Stockholders	Number of Alcoa Shares	Voting Power in Alcoa
The Vanguard Group	17,959,035	10.06%
BlackRock, Inc.	21,622,197	12.1%

6.16 RIGHTS ATTACHING TO ALCOA SHARES

Alcoa Shares allow Alcoa Stockholders to participate in:

- **Dividends:** when Alcoa announces its financial results, it may decide to give a portion of its profits back to stockholders in the form of dividends. Pursuant to the Alcoa Bylaws, holders of preferred stock may have a preference as to dividends over stockholders that hold common stock in Alcoa. See section 6.14(a) for further details.
- **Voting:** as an Alcoa Stockholder, holders of Alcoa Shares will be entitled to vote at Alcoa's annual meetings where each of their Alcoa Shares will count as one vote.
- **Liquidation Proceeds:** in the event of liquidation, dissolution or winding up of Alcoa, Alcoa Stockholders are entitled to share rateably in all assets remaining after payment of or provisions for Alcoa's liabilities, subject to prior rights or preferred stock, if any, then outstanding.
- **No Pre-emptive, Redemptive or Conversion Provisions:** Alcoa Shares are not entitled to pre-emptive rights and are not subject to conversion or redemption, subject to Alcoa Stockholders that hold preferred stock. Refer to section 6.14(a) for more information in relation to preferred stock.

Further an Alcoa Stockholder will have the right to receive certain information from Alcoa, such as Alcoa's annual report to Alcoa Stockholders. Alcoa can make such information available for Alcoa Stockholders at its office and/or via its website.

6.17 NEW ALCOA PREFERRED SHARES

(a) Overview

A New Alcoa Preferred Share is a fully paid non-voting convertible preferred share in the capital of Alcoa, established by the Certificate of Designation and subject to the Alcoa Certificate of Incorporation and the Alcoa Bylaws. As at the Last Practicable Date, Alcoa has not issued any preferred stock. Please refer to section 6.17(b) for a summary of the key terms of the New Alcoa Preferred Shares.

(b) Rights and obligations of New Alcoa Preferred Shares

The designations, powers, rights and preferences and the qualifications, limitations and restrictions of the New Alcoa Preferred Shares are set out in the Certificate of Designation.

The shares of New Alcoa Preferred Shares will be subject to the following terms, among others:

- the New Alcoa Preferred Shares will have no voting rights, except as may be required by applicable law and except as specified in the Certificate of Designation;
- each share of New Alcoa Preferred Shares will be convertible into one Alcoa Share (the **Conversion Ratio**), subject to adjustment under certain circumstances as set out in the Certificate of Designation, upon transfer to a non-affiliate of the CITIC Shareholders;
- the New Alcoa Preferred Shares will participate in dividends (other than stock dividends which shall adjust the Conversion Ratio) paid on the shares of Alcoa Shares to the same extent as the Alcoa Share; and
- the New Alcoa Preferred Shares will rank senior to Alcoa Shares in the event of a liquidation, dissolution or winding up of Alcoa to the extent of a liquidation preference of $0.0001 for each Alcoa Preference Share and, after the payment of such liquidation preference, rank pari passu with the Alcoa Share.

(c) Risk factors

Risk factors applicable to Alumina Shareholders that will receive New Alcoa CDIs under the Scheme also apply to Bestbuy to the extent it receives New Alcoa Preferred Shares (see section 8). There may be additional risk factors applicable to Bestbuy associated with the New Alcoa Preferred Shares. In particular, there will be no public market for the trading of New Alcoa Preferred Shares, nor is there expected to be any such market in the near future. The ability to dispose of New Alcoa Preferred Shares will also be restricted under the Certificate of Designation, which will result in New Alcoa Preferred Shares being substantially illiquid and may also affect the value of Alcoa Shares.

The key material differences between New Alcoa Preferred Shares and Alcoa Shares are described in section 6.17(b) above.

This is a summary of certain risks associated with New Alcoa Preferred Shares to be issued to Bestbuy as Scheme Consideration. It is not intended to be, and is not, an exhaustive list of the risks associated with the Scheme.

6.18 RECENT SHARE PRICE HISTORY

The below chart shows the performance of Alcoa Shares on NYSE over the last 12 months.

As at the close of trading on the Last Practicable Date:

- the last recorded trading price of Alcoa Shares on NYSE was US$44.27;
- the lowest and highest closing prices of Alcoa Shares during the previous 3 months were US$26.91 and US$44.54, respectively.

As at 23 February 2024, being the last trading day before Alumina and Alcoa announced that they had entered into the Transaction Process Deed, the closing price of Alcoa Shares on NYSE was US$26.52.

6.19 ALCOA SHARE REPURCHASE PROGRAM

On 20 July 2022, Alcoa announced that the Alcoa Board approved an Alcoa Share repurchase program under which Alcoa may purchase shares of its outstanding common stock up to an aggregate transactional value of US$500 million, depending on Alcoa's continuing analysis of market, financial, and other factors. As at 31 December 2023, Alcoa was authorised to repurchase up to a total of US$500 million, in the aggregate, of its outstanding shares of common stock under the program. This program may be suspended or discontinued at any time and does not have a predetermined expiration date. Alcoa intends to retire repurchased shares of common stock.

6.20 LITIGATION

In the ordinary course of its business, Alcoa is involved in a number of lawsuits and claims, both actual and potential.

In addition to the matters discussed below, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against Alcoa, including those pertaining to environmental, safety and health, commercial, tax, product liability, intellectual property infringement, employment, employee and retiree benefit matters, and other actions and claims arising out of the normal course of business. While the amounts claimed in these other matters may be substantial, the ultimate liability is not readily determinable because of the considerable uncertainties that exist. Accordingly, it is possible that Alcoa's liquidity or results of operations in a particular period could be materially affected by one or more of these other matters. However, based on facts currently available, Alcoa's management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of Alcoa.

St. Croix Proceedings – Abednego and Abraham cases

In January 2010, Howmet Aerospace Inc (formerly known as Alcoa, Inc.) was served with a multi-plaintiff action complaint involving several thousand individual persons claiming to be residents of St. Croix alleging personal injury or property damage from Hurricane Georges or winds blowing material from the SCA facility on the island of St. Croix (US Virgin Islands).

In 2012, Howmet Aerospace Inc was served with a separate multi-plaintiff action alleging claims essentially identical to those set forth in the Abednego v. Alcoa complaint.

In 2015, the Superior Court dismissed all plaintiffs' complaints without prejudice, permitting the plaintiffs to re-file the complaints individually. In 2017, the court issued an order that consolidated all timely complaints into the Red Dust Claims docket. Following this order, a total of approximately 430 complaints were filed and accepted by the court, which included claims of approximately 1,360 individuals. In November 2018, the Red Dust Claims docket was transferred to the Complex Litigation Division within the Superior Court of the Virgin Islands. The Court issued an amended case management order dividing the complaints filed in the Red Dust docket into groups of 50 complaints, designated Groups A though I in March 2022. The parties selected 10 complaints from Group A to proceed to trial as the Group A lead cases. In November 2023, the Court issued an amended case management order with regard to the Group A lead cases scheduling trials to begin in July 2024. Trials with regard to the Group A lead cases will continue through March 2025. Concurrently, the Court is considering discovery issues with respect to other group cases.

As part of the arrangements governing the separation of Alcoa Corporation from Alcoa Inc. in 2016, Alcoa Corporation indemnifies Alcoa Inc. (now Howmet Aerospace Inc) from any losses arising from pre-existing litigation (which relevantly includes the St. Croix Proceedings). This proceeding relates to a former AWAC asset.

Alcoa remains unable to reasonably predict an outcome or to estimate the range of reasonably possible loss in the Red Dust Claims docket cases.

ATO dispute

See section 8.3(i) (*Changes in tax laws or exposure to additional tax liabilities could affect future profitability*) for information in relation to the dispute between AofA and the ATO in relation to transfer pricing of certain historic third-party alumina sales.

6.21 NO PRE-TRANSACTION BENEFITS

Except as otherwise provided in this Scheme Booklet, during the period of 4 months before the date of this Scheme Booklet, neither Alcoa nor any of its Associates gave, or offered to give, a benefit to another person which was likely to induce the other person, or an Associate of the other person to:

- vote in favour of the Scheme; or
- dispose of Alumina Shares.

and which will not be provided to all Scheme Participants under the Scheme.

6.22 ALCOA'S INTERESTS IN ALUMINA SHARES

As at the Last Practicable Date, none of Alcoa or any of its Associates (including Alcoa Bidder or AAC Investments) had any Relevant Interest or voting power in any Alumina Shares.

6.23 DEALING IN ALUMINA SHARES IN PREVIOUS 4 MONTHS

Except for the Scheme Consideration to be provided under the Scheme and as described in this Scheme Booklet and consideration under the AG Share Sale Agreement (which was terminated on 21 May 2024), none of Alcoa nor any of its Associates has provided, or agreed to provide, consideration for any Alumina Shares under any purchase or agreement during the period of four months before the date of this Scheme Booklet.

6.24 NO OTHER MATERIAL INFORMATION

Except as disclosed elsewhere in this Scheme Booklet, there is no other information that is material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any director of Alcoa, at the date of this Scheme Booklet, which has not previously been disclosed to Alumina Shareholders.

SECTION

07

Information on the Combined Group

7.1 OVERVIEW OF THE BUSINESS AND ASSETS

If the Scheme is implemented, Alumina will become a wholly owned indirect Subsidiary of Alcoa, and Alcoa will have 100% ownership of AWAC, resulting in greater operational flexibility and strategic optionality.

Following implementation of the Scheme, the Combined Group will become the leading pure-play upstream aluminium company.

7.2 SYNERGIES

Alcoa believes that the Combined Group has the potential to achieve the following strategic and operational synergies:

- achieve US$12.5 million per annum in cost synergies annually through a reduction of Alumina's corporate costs (this cost reduction has not been reflected in the Combined Group Pro Forma Statement of Consolidated Operations in section 7.7(c)); and
- simplify structure and governance, resulting in greater operational flexibility and strategic optionality. With a centralised management team and strategy, the Combined Group will be better positioned to execute operational and strategic decisions on an accelerated basis.

The Combined Group would also have increased financial flexibility, enabling more efficient funding and capital allocation decisions, as well as liability management, including financial flexibility for AWAC's Western Australian mining projects, refinery assets and near-term portfolio actions.

7.3 ALCOA'S INTENTIONS

(a) Overview

This section 7.3 sets out certain Alcoa intentions in relation to Alumina and the Combined Group. The information contained in this section 7.3 and the intentions of the Combined Group have been formed on the basis of facts and information concerning Alumina and the general environment which are known to Alcoa as at the Last Practicable Date.

Alcoa will review and make determinations regarding the matters set out below in light of all such material information, facts and circumstances at the relevant time. Accordingly, it is important to recognise that the statements set out in this section 7.3 are statements of current intentions only, which may change as new information becomes available or circumstances change.

The intentions of other members of the Alcoa Group are the same as Alcoa's intentions.

(b) Corporate structure

Alcoa will be the parent of the Combined Group upon the implementation of the Scheme, and Alumina will be an indirect wholly owned Australian subsidiary of Alcoa following implementation of the Scheme.

(c) AWAC

Given that Alcoa already operates AWAC, there are expected to be minimal operational changes to AWAC's operations in the short term as a result of the Scheme, and Alcoa intends to continue to operate AWAC in accordance with its current business plans.

(d) Strategy

Alcoa intends that its strategic plans as outlined in section 6.4 will be applied to the Combined Group.

(e) Dividend framework

It is expected that Alcoa's current dividend framework, as outlined in section 6.6, will be the dividend framework of the Combined Group, following implementation of the Scheme.

(f) Current Alumina employees

Following implementation of the Scheme, Alcoa intends to undertake a strategic review including review of employees to determine suitability for roles in the Combined Group. Employees that are not offered employment within the Combined Group will receive their full contractual and statutory entitlements, which would be paid from Alcoa's cash reserves.

(g) Employee incentive arrangements

Alumina's existing employee incentive plans will no longer be applicable following implementation of the Scheme. Alcoa intends to continue utilising its existing incentive arrangements to provide incentives to its employees, as described in section 6.9.

(h) Delisting of Alumina from ASX

If the Scheme is implemented, Alumina will request to be removed from the Official List of the ASX. Following its delisting from the ASX, Alumina Shareholders will no longer be able to acquire or trade in Alumina Shares on the ASX.

Alcoa has applied for admission to the official list of ASX as a Foreign Exempt Listing, for effect subject to implementation of the Scheme, as outlined in section 7.4.

(i) Headquarters

If the Scheme is implemented, the Combined Group's corporate operations will be headquartered at Alcoa's corporate offices in Pittsburgh, Pennsylvania (United States). Alcoa intends to conduct a review of the Combined Group's Australian offices following implementation of the Scheme to determine the optimal Australian office arrangements for the Combined Group. AWAC's Australian based management will continue to operate from their existing Booragoon office in Western Australia.

(j) Financing arrangements

Alcoa's credit facilities and other existing financing arrangements are detailed in section 6.13. Alcoa expects that the financing sources outlined in section 6.13 will remain in place following implementation of the Scheme. Credit facilities currently held by Alcoa are unlikely to be adversely impacted by the Scheme and no consents are required from lenders.

Alcoa will consider whether Alumina's existing debt facilities (being the **Alumina Facility Agreement**) or any part of them will be repaid, maintained or refinanced on or following implementation of the Scheme. Those options are being explored as part of a broader review of Alumina's financing structure in the context of Alumina's integration into the Combined Group and as part of the Combined Group's overall financing strategy. Debt capital market conditions and Alcoa's liquidity position at the implementation of the Scheme will also drive Alcoa's decision.

Implementation of the Scheme will trigger a review event under the Alumina Facility Agreement which will entitle the majority lenders to notify Alumina that it has the option to prepay (without penalty, other than payment of break costs) all outstanding loans and any other accrued amounts (including interest) within 90 business days of that notice (being the **Option Period**). If Alumina fails to exercise the option by the date that is five business days before expiration of the Option Period, the majority lenders may (within that 5 business day period) cancel the debt facility and declare all outstanding loans and any other accrued amounts (including interest) immediately due and payable. Alcoa intends to discuss Alumina's current debt facilities with the lenders to determine the treatment of the facilities in connection with implementation of the Scheme and its role in the Combined Group's overall financing strategy. If, following discussion with Alumina's creditors, the creditors elect to require repayment of the Alumina Facility Agreement, Alcoa can enable Alumina to repay the outstanding loans and any other accrued amounts (including interest) by accessing its existing finance facilities or liquidity.

7.4 FOREIGN EXEMPT LISTING

Alcoa has applied for admission to the official list of ASX as a Foreign Exempt Listing, for effect subject to implementation of the Scheme. Alcoa sees Australia as an attractive capital market and has committed to maintain the CDI listing for at least 10 years. Once listed on ASX as a Foreign Exempt Listing, Alcoa will be exempt from complying with most of the ASX Listing Rules.

However, Alcoa must comply with the ASX Listing Rules with regard to a Foreign Exempt Listing on ASX. These include the following:

- providing the ASX with copies of its public filings;
- continuing to comply with the NYSE Listing Rules;
- registering as a foreign company carrying on business in Australia under the Corporations Act;
- complying with some ASX Listing Rules relating to transfers and registers of Alcoa CDIs; and
- complying with certain ASX Listing Rules concerning procedural and administrative matters, including lodging announcements, trading halt, suspension and removal.

7.5 BOARD

(a) Existing Alcoa Directors

It is expected that each of the existing Alcoa Board will continue as directors following the implementation of the Scheme. Please see section 6.7 for a full list of the Alcoa Board.

(b) Alumina Directors appointed to the Combined Group Board

Alcoa must, before the Implementation Date, invite 2 existing Alumina Board Members who are Australian residents or citizens to join the Alcoa Board, whose identity will be mutually agreed by Alcoa and Alumina pursuant to the Scheme Implementation Deed, and will take effect on the Implementation Date. As at the Last Practicable Date, Alcoa and Alumina have not agreed to the identity of the Alumina Board Members that will be invited to join the Alcoa Board on the Implementation Date.

7.6 CAPITAL STRUCTURE

(a) Share capital

As of the Last Practicable Date, there are 182,523,556 Alcoa Shares outstanding on a fully diluted basis.

If the Scheme is implemented, the Combined Group will issue approximately 82,813,988 New Alcoa Shares to Alumina Shareholders[52] and New Alcoa Preferred Shares to Bestbuy.

As a result of the Scheme, the number of Alcoa Shares on issue will increase from approximately 179,561,504[53] (being the number currently on issue) to approximately 262,375,492.

Timing	Number	Cumulative total
On issue as at the Last Practicable Date	179,561,504[54]	182,523,556
To be issued under the Scheme	78,953,589[55]	261,477,144
New Alcoa Preferred Shares to be issued under the Scheme	3,860,399	265,337,543
Pro-forma	262,375,492	265,337,543

52. Based on 2,901,681,417 Alumina Shares on issue as at the Last Practicable Date (see section 5.5) and the agreed exchange ratio of 0.02854 New Alcoa Shares (in the form of New Alcoa CDIs) for each Alumina Share held. **53.** As at the Last Practicable Date. **54.** As at the Last Practicable Date. **55.** Based on 2,901,681,417 Alumina Shares on issue as at the Last Practicable Date (see section 5.5) and the agreed exchange ratio of 0.02854 New Alcoa Shares (in the form of New Alcoa CDIs) for each Alumina Share held, less the New Alcoa Preferred Shares to be issued to Bestbuy.

The following capital table sets out the outstanding shares in the capital of Alcoa as at implementation of the Scheme.

	Number of Shares	Number of shares on a diluted basis
Alcoa Shares	262,375,492	265,337,543
Time-based RSUs	2,240,228	2,240,228
PRSUs	659,135	659,135
2015 Incentive Options	1,249	266
2016 Incentive Options	29,654	19,539
2017 Incentive Options	11,922	1,775
2018 Incentive Options	29,620	0
2019 Incentive Options	17,142	6,315
2020 Incentive Options	55,049	34,793
Total	265,419,491	268,299,595

Further details about the rights and liabilities attached to Alcoa Shares are set out in Section 6.16. Further details about the Alcoa Incentive Plan is set out in Section 6.9.

(b) Pro forma ownership

On the Implementation Date, Alumina Shareholders will own approximately 31.6% of the Combined Group (including New Alcoa Shares to be issued to the Sale Agent that would otherwise be issued to Ineligible Foreign Shareholders in the form of New Alcoa CDIs).[56]

7.7 PRO FORMA HISTORICAL INFORMATION OF THE COMBINED GROUP

(a) Overview

This section 7.7 contains the Pro Forma financial information of the Combined Group (**Combined Group Pro Forma Financial Information**) comprising the:

- Combined Group Pro Forma Statement of Consolidated Operations for the year ended 31 December 2023 and the quarter ended 31 March 2024 (Combined Group Pro Forma Statement of Operations), as set out in section 7.7(c); and
- Combined Group Pro Forma Consolidated Balance Sheet as at 31 March 2024, as set out in section 7.7(d).

The Combined Group Pro Forma Financial Information has been reviewed by PricewaterhouseCoopers Securities Ltd (as Investigating Accountant), in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Independent Limited Assurance Report included in Annexure B. Alumina Shareholders should note the scope and limitations of the Independent Limited Assurance Report.

The Combined Group Pro Forma Financial Information is based on and should be read in conjunction with:

- the accompanying notes to the Combined Group Pro Forma Financial Information;
- the Alumina Financial Information presented in section 5.3; and
- the Alcoa Financial Information presented in section 6.11.

This section 7.7 should also be read in conjunction with the risks to which Alcoa and the Combined Group are subject to and the risks associated with the Scheme, as set out in section 8.

(b) Basis of preparation

The Combined Group Pro Forma Financial Information included in this section 7.7 is intended to present Alumina Shareholders with information to assist them in understanding the pro forma financial performance and financial position of the Combined Group. Alcoa management is responsible for the preparation and presentation of the Combined Group Pro Forma Financial Information.

The Combined Group Pro Forma Financial Information has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Combined Group Pro Forma Financial Information has been prepared in accordance with U.S. GAAP and in a manner consistent with Alcoa Group accounting policies applied by Alcoa in preparing the Quarterly Report for the quarter ended 31 March 2024 and the Annual Report for the year ended 31 December 2023, using the assumptions set out in section 7.7(f).

56. Based on the shares on issue on 12 March 2024, being 2,901,681,417 for Alumina and 179,558,990 for Alcoa. On a fully diluted share basis as of 23 February 2024, including stock options, stock units, conditional and performance rights, Alumina Shareholders would own 31.25% of the Combined Group.

The Combined Group Pro Forma Financial Information presents the combination of the Alcoa Financial Information and the Alumina Financial Information after giving effect to the Scheme which is assumed to have occurred:

- immediately prior to 1 January 2023 for the Combined Group Pro Forma Statement of Operations; and
- as at 31 March 2024 for the Combined Group Pro Forma Consolidated Balance Sheet.

As discussed in section 5.3, the consolidated financial statements for Alumina for the years ended 31 December 2023 which were prepared in accordance with the recognition and measurement principles of AAS, which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**), were audited by PricewaterhouseCoopers, in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued unqualified audit opinions in respect of these consolidated financial statements. PricewaterhouseCoopers also performed a review of Alumina's interim consolidated financial statements for the quarter ended 31 March 2024 in accordance with the American Institute of Certified Public Accountants (**AICPA**) – AU-C Sec. 930 Interim Financial Information. Alumina's interim consolidated financial report for the quarter ended 31 March 2024 was prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The respective audit and review opinions for the year ended 31 December 2023 and quarter ended 31 March 2024 contain an emphasis of matter, drawing attention to the sections "Basis of preparation – going concern" and "Going concern" in the Notes to the consolidated financial statements and the interim consolidated statements respectively. The notes describe conditions that indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Audit and review opinions are not modified in respect of this matter.

See section 5.3(b) (Basis of preparation) for further detail. Refer also to section 7.3(j) in respect of Alcoa's intentions regarding the Alumina financing arrangements.

As further discussed in section 6.11, the consolidated financial statements for Alcoa for the year ended 31 December 2023 were audited by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm for Alcoa.

PricewaterhouseCoopers LLP also performed a review of Alcoa's unaudited interim consolidated financial statements for the quarter ended 31 March 2024 filed with the SEC in accordance with standards of the PCAOB.

The Combined Group Pro Forma Statement of Consolidated Operations for the year ended 31 December 2023 and the quarter ended 31 March 2024 were derived from the:

- Alcoa Statement of Consolidated Operations for the year ended 31 December 2023 and the quarter ended 31 March 2024, as outlined in section 6.11; and
- Alumina Consolidated Statement of Profit and Loss for the year ended 31 December 2023 and the quarter ended 31 March 2024, as outlined in section 5.3

and adjusted for the effects of pro forma adjustments described in the notes to table 7.7.2, being, Note 1 Reclassifications, Note 2 U.S. GAAP Conversion and Note 3 Transaction Accounting Adjustments.

The Combined Group Pro Forma Consolidated Balance Sheet as at 31 March 2024 has been derived from the:

- Alcoa Consolidated Balance Sheet as at 31 March 2024 as outlined in section 6.11; and
- Alumina Consolidated Balance Sheet as at 31 March 2024 as outlined in section 5.3

and adjusted for the effects of proforma adjustments described in the notes to table 7.7.5 being, Note 1 Reclassifications, Note 2 U.S. GAAP Conversion and Note 3 Transaction Accounting Adjustments.

Implementation of the Scheme remains subject to the satisfaction of various Conditions Precedent, including Alumina Shareholder approval, Court, regulatory and other approvals. Alcoa notes that the Scheme has not been implemented, and may never be implemented, including due to reasons outside of Alcoa's control.

The Combined Group Pro Forma Financial Information is presented for informational purposes only and is not intended to present or be indicative of what the results from operations or financial position would have been had the events actually occurred on the dates indicated, nor is it meant to be indicative of future results from operations or financial position for any future period or as of any future date. The Combined Group Pro Forma Financial Information does not give effect to the potential impact of current financial conditions, or any anticipated revenue enhancements, cost savings or operating synergies that may result from the implementation of the Scheme and the integration of the two businesses.

The pro forma adjustments are based upon currently available information and certain assumptions that Alcoa believes are reasonable. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the Combined Group Pro Forma Financial Information.

The actual adjustments to Alcoa's financial statements will depend upon a number of factors and additional information that will be available on or after the implementation of the Scheme. Accordingly, the actual adjustments that will appear in the Alcoa Group's financial statements will differ from these pro forma adjustments, and those differences may be material.

Alcoa conducted a review of Alumina's financial statements, which comply with IFRS, and the accounting policies of Alumina to determine material differences in accounting policies and financial statement presentation between Alcoa and Alumina that may require alignment or reclassification to conform to Alcoa's accounting policies and financial statement presentations. The Alumina Financial Information has also been adjusted, in accordance with the SEC's Rule 11-02 of Regulation S-X, for differences between IFRS and U.S. GAAP. The assessment of differences between IFRS and U.S. GAAP is based on Alcoa management's best estimates which remain subject to change as additional information becomes available.

Both Alumina and Alcoa prepares their financial statements on the basis of a financial year ended 31 December and their presentation currency is USD. The Combined Group Pro Forma Financial Information is presented in USD and, unless otherwise noted, rounded to the nearest USD million.

Due to its nature, the Combined Group Pro Forma Financial Information does not represent the Combined Group's actual or prospective financial position and financial performance.

The Combined Group Pro Forma Financial Information contained in section 7.7 is presented in an abbreviated form as it does not include all the disclosures, statements or comparative information that are required by:

- U.S. GAAP applicable to full financial statements or to financial statements prepared in accordance with the applicable rules and regulations of the SEC; and
- IFRS applicable to full financial statements or financial statements prepared in accordance with the Corporations Act.

The Combined Group Pro Forma Financial Information contained in sections 7.7(c) and 7.7(d) is as follows:

- Combined Group Pro Forma Statement of Consolidated Operations for the year ended 31 December 2023 and the quarter ended 31 March 2024 (table 7.7.1);
- Combined Group Pro Forma Consolidated Balance Sheet as at 31 March 2024 (table 7.7.4).

(c) Combined Group Pro Forma Statement of Consolidated Operations

The following table presents the Combined Group Pro Forma Statement of Consolidated Operations for the year ended 31 December 2023 and the three months ended 31 March 2024. Refer to tables 7.7.3 and 7.7.4 of section 7.7(c) for the reconciliation.

Table 7.7.1

COMBINED GROUP PRO FORMA STATEMENT OF CONSOLIDATED OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE QUARTER ENDED 31 MARCH 2024

US$ millions	Year ended 31 December 2023	Quarter ended 31 March 2024
Sales	10,552	2,599
Cost of goods sold (exclusive of expenses below)	9,813	2,404
Selling, general administrative, and other expenses	238	66
Research and development expenses	39	11
Provision for depreciation, depletion, and amortization	632	161
Restructuring and other charges, net	184	202
Interest expense	127	33
Other expenses, net	134	59
Total costs and expenses	11,167	2,936
Loss before income taxes	(615)	(337)
Provision for (benefit from) income taxes	189	(18)
Net loss	**(804)**	**(319)**

The above Combined Group Pro Forma Statement of Consolidated Operations should be read in conjunction with the standalone financial information contained in sections 5 and 6 in relation to Alumina and Alcoa respectively.

Table 7.7.2

RECONCILIATION OF THE COMBINED GROUP PRO FORMA STATEMENT OF CONSOLIDATED OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2023

The following table reconciles the Combined Group Pro Forma Statement of Consolidated Operations with Alcoa Consolidated Statement of Operations and Alumina Consolidated Statement of Profit or Loss for the year ended 31 December 2023.

For the year ended 31 December 2023 (US$ millions)	Alcoa Corporation U.S. GAAP	Alumina Limited IFRS[1]	Alumina Limited IFRS to U.S. GAAP Adjustments[2]	Transaction Accounting Adjustments[3]	Note(s)	U.S. GAAP Pro forma Combined
Sales	10,551	1	–	–		10,552
Cost of goods sold (exclusive of expenses below)	9,813	–	–	–		9,813
Selling, general administrative, and other expenses	226	12	–	–		238
Research and development expenses	39	–	–	–		39
Provision for depreciation, depletion, and amortization	632	–	–	–		632
Restructuring and other charges, net	184	–	–	–		184
Interest expense	107	20	–	–		127
Other expenses (income), net	134	119	8	(127)	(A)	134
Total costs and expenses	11,135	151	8	(127)		11,167
(Loss) income before income taxes	(584)	(150)	(8)	127		(615)
Provision for income taxes	189	–	–	–		189
Net (loss) income	(773)	(150)	(8)	127		(804)
Less: Net loss attributable to noncontrolling interest	(122)	–	–	122	(A)	–
Net (loss) income after noncontrolling interest	**(651)**	**(150)**	**(8)**	**5**		**(804)**

Notes:

1) Reclassifications

Alcoa's management performed a review of the accounting policies of Alumina to determine if differences in accounting policies require reclassification or adjustment and did not identify any material differences in accounting policy.

The following reclassifications were made to Alumina's historical consolidated statement of profit or loss to conform to Alcoa's historical presentation of consolidated statement of operations:

Alumina Financial Statement Line	Alumina Historical Amount	Reclassi-fications	Alumina Historical Reclassified	Alcoa Financial Statement Line
Revenue from continuing operations	1	–	1	Sales
Share of net profit/(loss) of associates accounted for using the equity method	(119)	119	–	
Foreign exchange gains/(losses)	0	(0)	–	
	–	(119)	(119)	Other expenses (income), net
Finance costs	(20)	–	(20)	Interest expense
General and administrative expenses	(12)	–	(12)	Selling, general administrative, and other expenses
Income tax expense	–	–	–	Provision for income taxes
Profit/(loss) for the year	**(150)**	–	**(150)**	**Net (loss) income for the year**

2) IFRS to U.S. GAAP Adjustments

Alumina reports their financial statements under IFRS Accounting Standards, which differs in certain material respects from U.S. GAAP. The following adjustments have been made to Alumina's carrying value of "Investment in associates" in Alumina's balance sheet and "Share of net profit (loss) of associate accounted for using the equity method" for purposes of the pro forma presentation in the IFRS to U.S. GAAP adjustments column.

Asset retirement obligations

Under the IFRS Accounting Standards, asset retirement obligations (**AROs**) are recorded for dismantling, removal and restoration of certain refineries when a constructive obligation exists. Under U.S. GAAP, these AROs are recorded upon management's decision to permanently close and demolish certain structures.

Additionally, the IFRS Accounting Standards requires remeasurement of ARO liabilities using current market discount rates. Under U.S. GAAP, AROs are measured using the discount rate that existed when the liability, or relevant portion, was initially recorded.

Gas transmission rights

As part of a previous sale transaction of an equity investment, AWAC maintained access to transmission capacity for gas supply to certain of its refineries. Under the IFRS Accounting Standards, the gas transmission rights are recognised as a deferred asset and liability at inception, net of deferred taxes. The deferred asset is then amortised over the useful life of the contract and the liability is subsequently revalued to current market pricing less any payments made for consumption. Under U.S. GAAP, gas transmission rights are not required to be recognised.

Properties, plants, and equipment, net

Under U.S. GAAP, the functional currency of AWAC's operations in Brazil was the U.S. dollar while the currency was hyperinflationary, while under the IFRS Accounting Standards the functional currency remained the Brazilian real. As a result, the U.S. GAAP basis for properties, plants and equipment is higher than the IFRS Accounting Standards basis. Accordingly, depreciation is higher under U.S. GAAP than the IFRS Accounting Standards.

Mining rights intangibles

Upon the adoption of the IFRS Accounting Standards in 2004, Alumina recognised intangible assets related to mineral rights for bauxite mining, which were amortised over the applicable period. Under U.S. GAAP, intangible assets related to mineral rights are not required to be recognised.

Retirement benefit obligations

Under the IFRS Accounting Standards, gains and losses related to defined benefit plans are recognised immediately in accumulated other comprehensive loss and are not subsequently recorded within profit or loss. Under U.S. GAAP gains and losses related to defined benefit plans are deferred in accumulated other comprehensive income until amortised into earnings. The actuarial assumptions also differ.

Other difference

When Alcoa's management completes a final review of Alumina's accounting policies, additional differences may be identified that, when conformed, could have an impact on the unaudited pro forma combined financial information.

3) Transaction Accounting Adjustments

The adjustment represents the elimination of Alumina's equity earnings of $119 million **(A)** for year ended 31 December 2023, and the elimination of the corresponding IFRS to U.S. GAAP difference of $8 million **(A)** for the year ended 31 December 2023, as described in Note 2. Additionally, the adjustment represents the elimination of Alcoa's noncontrolling interest of $122 million **(A)** for the year ended 31 December 2023.

Table 7.7.3

RECONCILIATION OF THE COMBINED GROUP PRO FORMA STATEMENT OF CONSOLIDATED OPERATIONS FOR THE QUARTER ENDED 31 MARCH 2024

The following table reconciles the Combined Group Pro Forma Statement of Consolidated Operations with Alcoa and Alumina Statement of Operations for the three months ended 31 March 2024.

For the three months ended 31 March 2024 (US$ millions)	Alcoa Corporation U.S. GAAP	Alumina Limited IFRS[1]	Alumina Limited IFRS to U.S. GAAP Adjustments[2]	Transaction Accounting Adjustments[3]	Note(s)	U.S. GAAP Pro forma Combined
Sales	2,599	–	–	–		2,599
Cost of goods sold (exclusive of expenses below)	2,404	–	–	–		2,404
Selling, general administrative, and other expenses	60	6	–	–		66
Research and development expenses	11	–	–	–		11
Provision for depreciation, depletion, and amortization	161	–	–	–		161
Restructuring and other charges, net	202	–	–	–		202
Interest expense	27	6	–	–		33
Other expenses (income), net	59	42	6	(48)	(A)	59
Total costs and expenses	2,924	54	6	(48)		2,936
(Loss) income before income taxes	(325)	(54)	(6)	48		(337)
(Benefit from) provision for income taxes	(18)	–	–	–		(18)
Net (loss) income	(307)	(54)	(6)	48		(319)
Less: Net loss attributable to noncontrolling interest	(55)	–	–	55	(A)	–
Net (loss) income after noncontrolling interest	**(252)**	**(54)**	**(6)**	**(7)**		**(319)**

Notes:

1) Reclassifications

Alcoa's management performed a review of the accounting policies of Alumina to determine if differences in accounting policies require reclassification or adjustment and did not identify any material difference in accounting policy.

The following reclassifications were made to Alumina's historical statement of operations to conform to Alcoa's historical presentation:

Alumina Financial Statement Line	Alumina Historical Amount	Reclassi-fications	Alumina Historical Reclassified	Alcoa Financial Statement Line
Revenue from continuing operations	–	–	–	Sales
Share of net profit/(loss) of associates accounted for using the equity method	(42)	42	–	
Foreign exchange gains/(losses)	–	–	–	
	–	(42)	(42)	Other expenses (income), net
Finance costs	(6)	–	(6)	Interest expense
General and administrative expenses	(6)	–	(6)	Selling, general administrative, and other expenses
Income tax expense	–	–	-	Provision for income taxes
Profit/(loss) for the year	**(54)**	**-**	**(54)**	**Net (loss) income for the year**

2) IFRS to US GAAP Adjustments

Refer to Note 2 in Table 7.7.2. These IFRS to U.S. GAAP adjustments have been consistently applied to the table above.

3) Transaction Accounting Adjustments

The adjustment represents the elimination of Alumina's equity earnings of $42 million **(A)** for the quarter ended 31 March 2024, and the elimination of the corresponding IFRS to U.S. GAAP difference of $6 million **(A)** for the quarter ended 31 March 2024, as described in Note 2. Additionally, the adjustment represents the elimination of Alcoa's noncontrolling interest of $55 million **(A)** for the quarter ended 31 March 2024.

(d) Combined Group Pro Forma Consolidated Balance Sheet

Table 7.7.4

RECONCILIATION OF THE COMBINED GROUP PRO FORMA CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2024

The following table presents the Combined Group Pro Forma Consolidated Balance Sheet as 31 March 2024.

As at 31 March 2024 (US$ millions)	Alcoa Corporation U.S. GAAP	Alumina Limited IFRS[1]	Alumina Limited IFRS to U.S. GAAP Adjustments[2]	Transaction Accounting Adjustments[3]	Note(s)	U.S. GAAP Pro forma Combined
Assets						
Current assets:						
Cash and cash equivalents	1,358	3	–	(66)	(B)	1,295
Receivables from customers	869	–	–	–		869
Other receivables	132	–	–	–		132
Inventories	2,048	–	–	–		2,048
Fair value of derivative instruments	22	–	–	–		22
Prepaid expenses and other current assets	452	1	–	–		453
Total current assets	4,881	4	–	(66)		4,819
Properties, plants, and equipment, net	6,577	2	–	–		6,579
Investments	969	1,683	11	(1,694)	(C)	969
Deferred income taxes	295	–	–	–		295
Fair value of derivative instruments	1	–	–	–		1
Other noncurrent assets	1,605	–	–	–		1,605
Total assets	**14,328**	**1,689**	**11**	**(1,760)**		**14,268**
Liabilities						
Current liabilities:						
Accounts payable, trade	1,586	2	–	–		1,588
Accrued compensation and retirement costs	331	–	–	–		331
Taxes, including income taxes	94	–	–	–	(F)	94
Fair value of derivative instruments	205	–	–	–		205
Other current liabilities	746	1	–	–		747
Long-term debt due within one year	79	–	–	363	(E)	442
Total current liabilities	**3,041**	**3**	**–**	**363**		**3,407**

As at 31 March 2024 (US$ millions)	Alcoa Corporation U.S. GAAP	Alumina Limited IFRS[1]	Alumina Limited IFRS to U.S. GAAP Adjustments[2]	Transaction Accounting Adjustments[3]	Note(s)	U.S. GAAP Pro forma Combined
Long-term debt, less amount due within one year	2,469	363	–	(363)	(E)	2,469
Accrued pension benefits	267	–	–	–		267
Accrued other postretirement benefits	437	–	–	–		437
Asset retirement obligations	718	–	–	–		718
Environmental remediation	197	–	–	–		197
Fair value of derivative instruments	925	–	–	–		925
Noncurrent income taxes	134	–	–	–		134
Other noncurrent liabilities and deferred credits	606	2	–	–		608
Total liabilities	**8,794**	**368**	**–**	**–**		**9,162**
Contingencies and commitments						
Equity						
Shareholders' equity:						
Common stock	2	–	–	1	(D)	3
Preferred stock	–	–	–	–	(D)	–
Additional capital	9,184	2,707	–	(523)	(B), (C), (D)	11,368
Accumulated (deficit) earnings	(1,564)	74	11	(121)	(B), (C)	(1,600)
Accumulated other comprehensive loss	(3,628)	(1,460)	–	423	(C)	(4,665)
Total shareholders' equity	**3,994**	**1,321**	**11**	**(220)**		**5,106**
Noncontrolling interest	**1,540**	**–**	**–**	**(1,540)**	(C)	**–**
Total equity	**5,534**	**1,321**	**11**	**(1,760)**		**5,106**
Total liabilities and equity	**14,328**	**1,689**	**11**	**(1,760)**		**14,268**

The above balance sheet should be read in conjunction with section 6.2(c)(vii) in respect of the San Ciprián Smelter and section 8 (Risk factors) where certain identified risks could have a material impact on the balance sheet if they were to occur.

Notes:

1) Reclassifications

Alcoa's management performed a review of the accounting policies of Alumina to determine if differences in accounting policies require reclassification or adjustment and did not identify any material difference in accounting policy.

The following reclassifications were made to Alumina's historical Consolidated Balance Sheet to conform to Alcoa's historical presentation:

Alumina Financial Statement Line	Alumina Historical Amount	Reclassi-fications	Alumina Historical Reclassified	Alcoa Financial Statement Line
Cash and cash equivalents	3	–	3	Cash and cash equivalents
Other assets	1	–	1	Prepaid expenses and other current assets
Right of use asset	2	–	2	Properties, plants, and equipment, net
Investment in associates	1,683	–	1,683	Investments
Payables	2	–	2	Accounts payable, trade
Provisions and other liabilities (current)	1	–	1	Other current liabilities
Borrowings	363	–	363	Long-term debt, less amount due within one year
Lease liability	1	–	1	Other noncurrent liabilities and deferred credits
Provisions (non-current)	1	-	1	Other noncurrent liabilities and deferred credits
Net assets	**1,321**	–	**1,321**	
Contributed equity	2,707	–	2,707	Additional capital
Retained earnings	74	–	74	Accumulated (deficit) earnings
Foreign currency translation reserve	(1,527)	1,527	–	
Other reserves	67	(67)	–	
	–	(1,460)	(1,460)	Accumulated other comprehensive loss
Total equity	**1,321**	–	**1,321**	**Total equity**

2) IFRS to U.S. GAAP Adjustments

Refer to note 2 in table 7.7.2. These IFRS to U.S. GAAP adjustments have been consistently applied to the table above. The adjustments to the balance sheet are all related to the Investments balance as a result of the underlying investment being accounted for under the equity method by Alumina.

3) Transaction Accounting Adjustments

(B) Additional capital includes a decrease of $30 million to reflect the impact of Alcoa's estimated transaction costs not yet incurred, with an offset to Cash. Accumulated (deficit) earnings includes a decrease of $30 million to reflect the impact of Alumina's transaction costs not yet incurred by Alumina, and the cash settlement of obligations under Alumina's Employee Share Plan, and $6 million for other one-time charges not yet incurred by Alcoa, with an offset to Cash.

(C) The adjustment reflects the elimination of Alumina's investment of $1,683 million and the IFRS to U.S. GAAP adjustment of $11 million as described in Note 2 under table 7.7.2. Additionally, the adjustment reflects the elimination of Alumina's Additional capital of $2,707 million, Alumina's Accumulated earnings of $44 million (after the $30 million adjustment above) and the IFRS to U.S. GAAP adjustment of $11 million and Alumina's Accumulated other comprehensive loss of $1,460 million. Additional capital also reflects an adjustment of $362 million to reflect Alcoa's acquisition of Alumina's remaining assets and liabilities (primarily long-term debt of $363 million).

This adjustment also eliminates Alcoa's Noncontrolling interest of $1,540 million and Other comprehensive loss of $1,037 million allocated to Noncontrolling interest, with an offset to Additional capital.

(D) The adjustment to Common stock and Preferred Stock represents the issuance of 78,953,476 Alcoa common shares at $0.01 par value and the issuance of 3,860,512 preferred non-voting shares at $0.01 par value, respectively, with an offset to Additional Capital.

(E) Alumina's revolving credit facility contains a clause that allows the majority lenders to call the outstanding indebtedness upon a change of control if Alumina does not elect the option to prepay all outstanding loans and any other accrued amounts (including interest) in connection with such change of control. This adjustment reflects the reclassification from Long-term debt, less amount due within one year to Long-term debt, due within one year as a result of this change of control clause. Other than the principal and interest, no other material fees are expected with this repayment. See section 7.3(j) for further detail.

(F) Management will undertake a detailed analysis to determine the tax implications of consolidating Alcoa Bidder with the Alcoa Australia tax consolidated group. At this stage, Alcoa management has not made a decision on whether to consolidate for income tax purposes but given the tax consolidation is a choice, no adverse implications in respect of Australian tax consolidation are expected.

Purchase Consideration and Allocation

Based on Alcoa's closing share price as at the Last Practicable Date, the exchange ratio of 0.02854 implies a value of A$1.90 converted at US$0.6650 per Alumina Share and purchase consideration of $3.7billion. The purchase consideration is as follows:

Purchase Price Consideration and Allocation

US$ millions[1]

Alumina Limited common shares (excluding shares held by CITIC eligible for preferred stock conversion)[2]	2,766
Alumina Limited common shares held by CITIC eligible for preferred stock conversion[3]	135
Total Alumina Limited common shares outstanding[4]	2,902
Exchange ratio	0.02854
Alcoa common stock issued in exchange	79
Alcoa non-voting preferred stock issued in exchange	4
Total Alcoa stock issued in exchange	**83**
Alcoa closing share price[5]	$44.27
Purchase consideration paid at closing	**$3,666[6]**

1. Amounts in millions, except exchange ratio and share price data. **2.** Alumina shareholders will receive Alcoa stock at an exchange ratio of 0.02854. **3.** Certain CITIC ownership of Alumina shares will be converted to Alcoa non-voting preferred stock at the exchange ratio of 0.02854. **4.** Represents the number of Alumina Limited Shares issued and outstanding as of 31 May 2024. **5.** Represents the closing price of Alcoa common stock on the New York Stock Exchange on 31 May 2024. **6.** The final purchase consideration will be based on the closing price of Alcoa Shares on the Implementation Date, which could differ materially from the Alcoa Share price used to estimate the purchase consideration.

Accounting Treatment

The Transaction consists in substance the acquisition of Alumina's noncontrolling interest in AWAC and the assumption of Alumina's indebtedness. The Transaction will be accounted for as an equity transaction under U.S. GAAP in accordance with ASC 810. The financial condition and results of operations of Alcoa after closing of the Scheme will include the financial condition and results of operations of Alumina.

The following table sets forth the allocation of the total purchase consideration to the identifiable assets acquired and liabilities assumed, based on Alumina's balance sheet on 31 March 2024:

Purchase price calculation

US$ millions	Amount
Purchase consideration	**3,666**
Cash and cash equivalents	3
Prepaid expenses and other current assets	1
Properties, plants, and equipment, net	2
Total assets	**6**
Accounts payable, trade	2
Other current liabilities	1
Long-term debt due within one year	363
Other noncurrent liabilities and deferred credits	2
Total liabilities	**368**
Noncontrolling interest	**1,540**
Net assets acquired	**1,178**
Additional capital	**2,488**

The final purchase consideration will be based on the actual closing price per share of Alcoa Shares on the Implementation Date, which could differ materially from the assumed Alcoa Share price used to estimate purchase consideration. No effect has been given to any other new Alumina Shares or other equity awards that may be issued or granted subsequent to the Last Practicable Date and before the Effective Date. Purchase consideration in excess of net assets acquired offsets against the impact of shares issued to Alumina shareholders in Additional capital.

(e) Earnings per share

The pro forma combined basic and diluted earnings per share calculations are based on the combined basic and diluted average shares of Alcoa and Alumina.

The pro forma basic and diluted weighted average shares outstanding are a combination of historical Alcoa Shares and the New Alcoa Shares to be issued as part of the Transaction at an exchange ratio of 0.02854 New Alcoa Shares for each Alumina Share outstanding. Certain Alumina Shares owned by Bestbuy will receive, in lieu of New Alcoa Shares, 0.02854 shares of New Alcoa Preferred Shares.

	Quarter Ended 31 March 2024	Year Ended 31 December 2023
Pro Forma Weighted Average Shares		
Basic weighted average number of common shares outstanding-historical	179,285,359	178,311,096
Common stock issued as part of the Transaction	78,953,476	78,953,476
Pro forma weighted average number of common shares – Basic	258,238,835	257,264,572
Preferred stock issued as part of the Transaction	3,860,512	3,860,512
Diluted weighted average number of common shares outstanding-historical	179,285,359	178,311,096
Common stock issued as part of the Transaction	78,953,476	78,953,476
Pro forma weighted average number of common shares – Diluted	258,238,835	257,264,572
Preferred stock issued as part of the Transaction	3,860,512	3,860,512
Pro Forma Earnings per Share		
Pro forma net loss attributable to common shareholders (in USD millions)	$(319)	$(804)
Basic – pro forma	$(1.24)	$(3.13)
Diluted – pro forma	$(1.24)	$(3.13)

(f) Notes to the Combined Group Pro Forma Financial Information

The Alumina Financial Information included in section 5.3 of this Scheme Booklet has been prepared in accordance with the recognition and measurement principles of AAS issued by the AASB, which are consistent with IFRS issued by the IASB.

Certain differences exist between IFRS and U.S. GAAP, which are material to understanding the Combined Group Pro Forma Financial Information included in this Scheme Booklet. Alumina's historical financial information has been adjusted, in accordance with the SEC's Rule 11-02 of Regulation S-X, for differences between IFRS and U.S. GAAP. These adjustments are based on a preliminary analysis by Alcoa's management. The principal differences between IFRS and U.S. GAAP which are material to the preparation of the Combined Group Pro Forma Financial Information and required reclassification or adjustment are described in section 7.7(c). This summary does not include all differences that exist between IFRS and U.S. GAAP and is not intended to provide a comprehensive listing of all such differences specifically related to Alumina, Alcoa, or the industry in which Alumina and Alcoa operate. When Alcoa's management completes a final review of Alumina's accounting policies, additional differences may be identified that, when conformed, could have an impact on the Combined Group Pro Forma Financial Information.

The differences described above in Note 1 and Note 2 to each of the reflect only those differences in accounting policies in force at the time of the preparation of the Alumina Financial Information and the Alcoa Financial Information included in this Scheme Booklet. There has been no attempt to identify future differences between IFRS and U.S. GAAP as the result of prescribed changes in accounting standards, transactions or events that may occur in the future.

Adjustments have also been made to the Combined Group Pro Forma Financial Information to reflect certain preliminary purchase price accounting and other pro forma adjustments. These adjustments are described above in Note 3 Transaction Accounting Adjustments.

SECTION

08

Risk factors

8.1 RISKS RELATING TO THE SCHEME

In considering the Scheme, Alumina Shareholders should be aware that there are a number of risks, both general and specific, associated with the Scheme. This section 8 describes risks associated with:

- the implementation of the Scheme (Section 8.2);
- the business and operations of the Combined Group (Section 8.3);
- Alcoa Shares and Alcoa CDIs (Section 8.4); and
- Alumina if the Scheme is not implemented (Section 8.5).

A number of these risks are, or will be, risks to which Alumina Shareholders are already exposed. However, the nature of the Combined Group's business will differ from that of Alumina as a standalone business and Alumina Shareholders may be subject to additional risks in respect of the Combined Group. These risks should be considered in conjunction with other information contained in this Scheme Booklet and do not take into account the individual investment objectives, financial situation, position or particular needs of Alumina Shareholders.

This section 8 is a summary only and should not be relied on as an exhaustive list of all risks that Alumina Shareholders may face. There may be additional risks and uncertainties not currently known to Alumina or Alcoa or that are currently considered immaterial, which may become important factors that can have a material adverse effect on the Combined Group's operating and financial performance.

8.2 RISKS ASSOCIATED WITH IMPLEMENTATION OF THE SCHEME

(a) Market value of the Scheme Consideration

If the Scheme is implemented, Scheme Participants will receive the Scheme Consideration, comprising 0.02854 New Alcoa Shares (including in the form of New Alcoa CDIs) or where applicable, New Alcoa Preferred Shares, for each Alumina Share (unless the Scheme Participant is an Ineligible Foreign Shareholder, in which case they will receive their pro rata share of the Net Cash Proceeds, instead of the Scheme Consideration). This exchange ratio was fixed in the Scheme Implementation Deed and will not be adjusted under the terms of the Scheme Implementation Deed to reflect changes in the market price of Alumina Shares, Alcoa Shares or the AUD/USD exchange rate, or any other event before the Implementation Date. As a result, the implied value of the Scheme Consideration will vary over time. Therefore, because the exchange ratio is fixed, prior to implementation of the Scheme, Alumina Shareholders cannot be sure of the market value of the Scheme Consideration that will be provided on the Implementation Date.

(b) Conditions Precedent

The Scheme is subject to a number of Conditions Precedent as summarised in section 3.5. These Conditions Precedent include obtaining all Regulatory Approvals. Certain Conditions Precedent are beyond the control of Alcoa and Alumina. There can be no guarantee that the Conditions Precedent will be satisfied or waived in a timely manner or at all. Any failure or delay in satisfying the Conditions Precedent could prevent or delay the implementation of the Scheme, which could reduce the benefits that Alcoa and Alumina expect to obtain from the Scheme, increase the costs associated with the Scheme and impede successful integration of Alcoa and Alumina's businesses.

(c) Court approval

There is a risk that the Court may not approve the Scheme or that the approval of the Court is delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, then the Court will have regard to that change in deciding how it should proceed. If such changes are so important that they materially alter the Scheme, there is a risk that the Court may not approve the Scheme at the Second Court Hearing.

(d) Transaction costs

Both Alcoa and Alumina have, and will, incur significant costs associated with the Scheme. Fees and expenses related to the Scheme include financial adviser fees, filing fees, taxes and stamp duty, legal and accounting fees, and regulatory fees. Some of these fees will be paid regardless of whether the Scheme is implemented or becomes Effective.

(e) Change in risk and investment profile

After implementation of the Scheme, Scheme Participants (other than Ineligible Foreign Shareholders) will be exposed to additional risks relating to Alcoa, and to certain additional risks relating to the Combined Group and the integration of the two businesses as set out in sections 8.3 and 8.4. Those risks may be different from or additional to those related to Alumina and you may prefer the risks and investment profile of the Alumina business as a standalone entity. Whilst the operations of Alumina and Alcoa are similar in a number of ways, the business mix, portfolio of customers, capital structure and size of the Combined Group will be different from that of Alumina currently. In addition, recourse to Alcoa for potential previous legal breaches of its obligations as operator of the AWAC joint venture would not be available to Alumina Shareholders following implementation of the Scheme as Alumina would be a wholly owned indirect Subsidiary of Alcoa.

(f) Taxation consequences

If the Scheme is implemented, there may be tax consequences for Scheme Participants. The tax consequences will vary depending on a number of factors, including place of residence for tax purposes and individual tax circumstances. A summary of the general Australian income tax, stamp duty and GST consequences for Scheme Participants is set out in section 9.

(g) Differing disclosure requirements

Alcoa is a US issuer that is required to prepare and file its periodic and other filings in accordance with US securities laws. As a result, certain information about Alcoa and the Combined Group that is contained in this Scheme Booklet was prepared in accordance with US disclosure requirements, rather than the disclosure requirements that would apply to Alumina or other Australian issuers. Because US disclosure requirements are different from Australian disclosure requirements, the information about Alcoa contained in this Scheme Booklet may not be comparable to similar information available about Alumina or other Australian issuers.

(h) Pro forma financial information

The Combined Group Pro Forma Historical Information contained in this Scheme Booklet is presented for illustrative purposes only and may not be an indication of Alcoa's financial condition or results of operations following the Scheme for several reasons. For example, the Combined Group Pro Forma Historical Financial Information has been derived from the historical financial statements of Alcoa and Alumina and certain adjustments and assumptions have been made regarding Alcoa after giving effect to the Scheme. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. In addition, the Combined Group Pro Forma Financial Information does not reflect all costs that are expected to be incurred by Alcoa in connection with the Scheme. For example, the impact of any incremental costs incurred in integrating Alcoa and Alumina is not reflected in the Combined Group Pro Forma Historical Financial Information. As a result, the actual financial condition and results of the Combined Group following the implementation of the Scheme may not be consistent with the Combined Group Pro Forma Historical Information. Additionally, the purchase price used in preparing the Combined Group Pro Forma Historical Information is based on the closing market price of Alcoa Shares as at the Last Practicable Date, which may be materially different from the closing price of Alcoa Shares and the exchange rate between the US dollar and the Australian dollar on the Implementation Date. The assumptions used in preparing the Combined Group Pro Forma Historical Financial Information may not prove to be accurate, and other factors may affect the financial condition and results of the Combined Group following the implementation of the Scheme.

(i) Integration

The Transaction and the integration of Alumina will subject Alcoa to liabilities that may exist at Alumina or may arise in connection with the completion of the Transaction. The Transaction and the integration of Alumina with Alcoa may pose special risks, including write-offs and unanticipated costs or charges. There can be no assurance that the integration will be accomplished effectively or in a timely manner. In addition, the Transaction and the integration of Alumina will subject Alcoa to liabilities (including potential tax liabilities) that may exist at Alumina or may arise in connection with the completion of the Transaction, some of which may be unknown. Although Alcoa and its advisers have conducted due diligence on Alumina, there can be no guarantee that Alcoa is aware of all liabilities of Alumina. These liabilities, and any additional risks and uncertainties related to the Transaction not currently known to Alcoa or that Alcoa may currently deem immaterial or unlikely to occur, could negatively impact Alcoa's business, financial condition and results of operations.

(j) Failure to complete the Transaction

Any delay in the completion of the Transaction or any uncertainty about the completion of the Transaction may adversely affect the price of Alcoa common stock or have an adverse impact on Alcoa's business and operations.

If the Transaction is not completed for any reason or completion is delayed, Alcoa's ongoing business may be adversely affected and, without realising any of the benefits of having completed the Transaction, Alcoa may be subject to a number of risks, including the following:

- negative reactions from the financial markets;
- incurring and paying significant expenses in connection with the Transaction, such as financial adviser fees, filing fees, legal and accounting fees, soliciting fees, regulatory fees and other related expenses, many of which will become due and payable regardless of whether the Transaction is completed; and
- nonpayment or delay in payment of any amounts due under any shareholder loan to AWAC made pursuant to the Transaction Agreement in accordance with the terms of such loan.

In addition, Alcoa could be subject to litigation related to any failure to complete the Transaction in a timely manner or litigation seeking to require Alcoa to perform its obligations under the Transaction Agreement, the Scheme or the Deed Poll.

8.3 RISKS RELATING TO THE COMBINED GROUP

(a) Integration

The failure to integrate the businesses of Alcoa and Alumina successfully in the expected time frame would adversely affect Alcoa's future results.

The success of the Scheme will depend, in part, on the ability of Alcoa to realise the anticipated benefits from combining the businesses of Alcoa and Alumina. Alcoa's ability to realise these anticipated benefits depends on the successful integration of the businesses of Alcoa and Alumina.

Potential difficulties that may be encountered in the integration process include the following:

- unforeseen delays or regulatory conditions associated with the implementation of the Scheme; and
- effecting potential actions that may be required in connection with obtaining Regulatory Approvals.

(b) Business relationships

Alcoa's and Alumina's business relationships may be subject to disruption due to uncertainty associated with the Scheme, which could have an adverse effect on Alcoa's and Alumina's results of operations, cash flows and financial position.

Parties with which Alcoa and Alumina do business may experience uncertainty associated with the Scheme. Alcoa's and Alumina's relationships may be subject to disruption as persons with whom Alcoa and/or Alumina, as applicable, have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with Alcoa or Alumina, as applicable, or consider entering into business relationships with parties other than Alcoa or Alumina. These disruptions could have an adverse effect on the results of operations, cash flows and financial position of Alcoa, Alumina or the Combined Group following the implementation of the Scheme. The risk, and adverse effect, of any disruption could be exacerbated by a delay in the implementation of the Scheme or the termination of the Scheme Implementation Deed.

(c) Transaction costs

Alcoa and Alumina will incur significant transaction and combination-related costs in connection with the Scheme.

Alcoa and Alumina expect to incur significant costs associated with the Scheme and combining the operations of the two companies. Alcoa's fees and expenses related to the Scheme include financial adviser fees, filing fees, legal and accounting fees and regulatory fees, some of which will be paid regardless of whether the Scheme is implemented. Alcoa's costs in connection with the integration of the companies is difficult to predict before Alcoa begins the integration process, and Alcoa may incur unanticipated costs as a consequence of difficulties arising from its integration efforts.

(d) Currency risk

Following the completion of the Transaction, Alcoa's exposure to fluctuations in foreign currency exchange rates will be increased.

Alcoa is currently subject to some foreign currency exchange risk because it conducts business operations in several foreign countries, including Australia, through its foreign subsidiaries or affiliates, which conduct business in their respective local currencies. Following the implementation of the Scheme, Alcoa's international operations will account for a more significant portion of Alcoa's overall operations than they do presently and Alcoa's exposure to fluctuations in foreign currency exchange rates will increase. Because Alcoa's financial statements will continue to be presented in US dollars subsequent to the implementation of the Scheme, the local currencies will be translated into US dollars at the applicable exchange rates for inclusion in Alcoa's consolidated financial statements, thereby increasing the foreign exchange translation risk.

(e) Due diligence

Alcoa's due diligence of Alumina may have failed to identify key issues that could have an adverse effect on Alcoa's performance and financial condition.

Before executing the Scheme Implementation Deed, Alcoa and Alumina undertook a period of mutual due diligence for the purpose of evaluating the merits and negotiating the terms of the Scheme. Although Alcoa and Alumina decided to proceed with the Scheme following that due diligence exercise and recognising that Alumina holds only a 40% non-operating interest in AWAC which Alcoa manages and operates, there is a risk that the due diligence undertaken was insufficient or failed to identify or appreciate the impact of key issues or identify all liabilities of either Alumina or Alcoa. These liabilities, and any additional risks and uncertainties related to the Scheme not currently known to Alcoa or Alumina, or that Alcoa may currently deem immaterial or unlikely to occur, could negatively impact the Combined Group's business, financial condition and results of operations.

(f) Alcoa Shares

The issuance of the New Alcoa Shares and the New Alcoa CDIs in the Scheme could have the effect of depressing the market price for Alcoa Shares.

In addition, Alumina Shareholders may decide not to hold and instead to sell the New Alcoa Shares or the New Alcoa CDIs they receive as a result of the implementation of the Scheme, which could have the effect of depressing the market price for Alcoa Shares. The price of Alcoa Shares may fluctuate significantly following implementation of the Scheme, including as a result of factors over which Alcoa and Alumina have no control.

The financial analyses and forecasts considered by Alcoa and its financial adviser may not be realised, which may adversely affect the market price of Alcoa Shares following the Transaction.

In performing its financial analysis and rendering its opinion regarding the fairness, from a financial point of view, of the exchange ratio to Alcoa, J.P. Morgan, financial adviser to Alcoa, relied on, with Alcoa's consent, among other things, certain unaudited projections of Alcoa's financial results and certain unaudited projections of Alumina's financial results prepared by Alcoa based on Alcoa's knowledge, as the operator of AWAC, of those assets and based on publicly available estimates and assumptions deemed appropriate by Alcoa's management and extrapolations therefrom. These projections were not prepared with a view toward public disclosure, or with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements and the use of non-U.S. GAAP measures or U.S. GAAP. These projections are inherently based on various estimates and assumptions available at the time, that are subject to the judgment of those preparing them. These projections are also subject to risks and other factors, such as significant company performance, geological, general business, economic, competitive, industry and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of Alcoa and Alumina. Accordingly, there can be no assurance that Alcoa's financial condition or results of operations will be consistent with those set forth in such analyses and forecasts, which could have a material adverse effect on the market price of Alcoa Shares following the Transaction.

(g) Industry and global market risks

The aluminium industry and aluminium end-use markets are highly cyclical and are influenced by several factors, including global economic conditions, the Chinese market, and overall consumer confidence.

The nature of the industries in which the Alcoa customers operate causes demand for its products to be cyclical, creating potential uncertainty regarding future profitability. The demand for aluminium is sensitive to, and impacted by, demand for the finished goods manufactured by customers in industries, such as the commercial construction, transportation, and electrical industries, which may change as a result of factors beyond the Combined Group's control. The demand for aluminium is also highly correlated to economic growth, and the Combined Group could be adversely affected by large or sudden shifts in the global inventory of aluminium and the resulting market price impacts.

Alcoa believes the long-term prospects for aluminium and aluminium products are positive; however, Alcoa is unable to predict the future course of industry variables or the strength of the global economy and the effects of government intervention. Alcoa's business, financial condition, and results of operations may be materially affected by the conditions in the global economy generally, including inflationary and recessionary conditions, and in global capital markets, including in the end markets and geographic regions in which Alcoa and its customers operate. Many of the markets in which Alcoa's customers participate are also cyclical in nature and experience significant fluctuations in demand for their products based on economic and geopolitical conditions, consumer demand, raw material and energy costs, foreign exchange rates, and government actions. Many of these factors are beyond Alcoa's control.

The Chinese market is a significant source of global demand for, and supply of, commodities, including aluminium. Chinese production rates of aluminium, both from new construction and installed smelting capacity, can fluctuate based on Chinese government policy, such as the level of enforcement of production capacity limits and/or licenses and environmental policies. In addition, industry overcapacity, a sustained slowdown in Chinese aluminium demand, or a significant slowdown in other markets, that is not offset by decreases in supply of aluminium or increased aluminium demand in emerging economies, such as India, Brazil, and several Southeast Asian countries, could have an adverse effect on the global supply and demand for aluminium and aluminium prices. Also, changes in the aluminium market can cause changes in the alumina and bauxite markets, which could also materially affect the Combined Group's business, financial condition, or results of operations. As a result of these factors, the Combined Group's profitability will be subject to significant fluctuation.

A decline in consumer and business confidence and spending, severe reductions in the availability and cost of credit, and volatility in the capital and credit markets could adversely affect the business and economic environment in which the Combined Group will continue to operate and the profitability of the Combined Group's business. The Combined Group will also continue to be exposed to risks associated with the creditworthiness of the Combined Group's suppliers and customers. If the availability of credit to fund or support the continuation and expansion of the Combined Group's customers' business operations is curtailed or if the cost of that credit is increased, the resulting inability of the Combined Group's customers or of their customers to either access credit or absorb the increased cost of that credit could adversely affect the Combined Group's business by reducing the Combined Group's sales or by increasing the Combined Group's exposure to losses from uncollectible customer accounts. These conditions and a disruption of the credit markets could also result in financial instability of some of the Combined Group's suppliers and customers. The consequences of such adverse effects could include the interruption of production at the facilities of the Combined Group's customers, the reduction, delay or cancellation of customer orders, delays or interruptions of the supply of raw materials the Combined Group purchases, and bankruptcy of customers, suppliers, or other creditors. These are risks that AWAC is exposed to irrespective of the Scheme, however currently Alumina and Alcoa each have exposure in their respective ownership proportions of AWAC. Following implementation of the Scheme, the Combined Group will be fully exposed to such risks which could adversely affect the Combined Group's business, financial condition, and results of operations.

The Combined Group could be materially adversely affected by volatility and declines in aluminium and alumina demand and prices, including global, regional, and product-specific prices, or by significant changes in production costs which are linked to LME or other commodities.

The overall price of primary aluminium consists of several components: (i) the underlying base metal component, which is typically based on quoted prices from the LME; (ii) the regional premium, which comprises the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (e.g., the Midwest premium for metal sold in the United States); and (iii) the product premium, which represents the incremental price for receiving physical metal in a particular shape (e.g., foundry, billet, slab, rod, etc.) and/or alloy. Each of the above three components has its own drivers of variability.

The LME price volatility is typically driven by macroeconomic factors (including geopolitical instability), global supply and demand of aluminium (including expectations for growth, contraction, and the level of global inventories), and trading activity of financial investors.

Regional premiums tend to vary based on the supply of and demand for metal in a particular region, associated transportation costs, and import tariffs. Product premiums generally are a function of supply and demand for a given primary aluminium shape and alloy combination in a particular region. Periods of industry overcapacity may also result in a weak aluminium pricing environment.

A sustained weak LME aluminium pricing environment, deterioration in LME aluminium prices, or a decrease in regional premiums or product premiums could have a material adverse effect on the Combined Group's business, financial condition, or results of operations. Similarly, the Combined Group's operating results will be affected by significant changes in key costs of production that are commodity or LME-linked.

Most of Alcoa's alumina contracts contain two pricing components: (1) the API price basis and (2) a negotiated adjustment basis that takes into account various factors, including freight, quality, customer location, and market conditions. Because the API component can exhibit significant volatility due to market exposure, revenues associated with the Combined Group's alumina operations will be exposed to market pricing which could have a material adverse effect on the Combined Group's business, financial condition, or results of operations.

Market-driven balancing of global aluminium supply and demand may be disrupted by non-market forces.

In response to market-driven factors relating to the global supply and demand of aluminium and alumina, including energy prices and environmental policies, other industry producers have independently undertaken to reduce or increase production. Changes in production may be delayed or impaired by the ability to secure, or the terms of long term contracts, to buy energy or raw materials.

The impact of non-market forces on global aluminium industry capacity, such as political instability or pressures or governmental policies in certain countries relating to employment, the environment, or maintaining or further developing industry self-sufficiency, may affect overall supply and demand in the aluminium industry. For example, the ongoing active conflict between Russia and Ukraine could adversely impact macroeconomic conditions and result in heightened economic sanctions from the US and the international community in a manner that adversely affects the Combined Group's industry. The disruption of the market-driven balancing of the global supply and demand of aluminium, a resulting weak pricing environment and margin compression may adversely affect the Combined Group's business, financial condition, and results of operations.

The increasingly competitive and complex global markets exposes the Combined Group to risks, including legal and regulatory risks and changes in conditions that would be beyond the control of the Combined Group, that could adversely affect the business, financial condition, or results of operations.

Alcoa has operations or activities in numerous countries and regions, including the United States, Australia, Brazil, Canada, Europe, Guinea, and Saudi Arabia. The risks associated with Alcoa's global operations include:

- geopolitical risks, such as political instability, coups d'états, civil unrest, strikes and work stoppages, expropriation, nationalisation of properties by a government, imposition of sanctions, changes to import or export regulations and fees, renegotiation, revocation or nullification of existing agreements, leases, licenses, and permits, and changes to mining royalty rules or laws;
- economic and commercial instability risks, including those caused by sovereign and private debt default, corruption,

and changes in local government laws, regulations, and policies, such as those related to tariffs and trade barriers, trade tensions, taxation, exchange controls, employment regulations, and repatriation of earnings;

- weakening macroeconomic conditions;
- decreasing manufacturing activity, especially in the global automotive sector;
- war or terrorist activities;
- major public health issues, such as a pandemic or epidemic, which could cause disruptions in the Combined Group's operations, supply chain, or workforce;
- information systems failures or disruptions, including due to cyber-attacks;
- difficulties enforcing intellectual property and contractual rights, or limitations in the protection of technology, data, and intellectual property, in certain jurisdictions; and
- unexpected events, accidents, or environmental incidents, including natural disasters.

Alcoa has experienced some of these events, and while the impact of any of the foregoing factors is difficult to predict, any one or more of them could adversely affect the Combined Group's business, financial condition, or results of operations in the future. Insurance arrangements may not provide sufficient coverage or reimbursement for significant costs that may arise from such events.

Unexpected or uncontrollable events or circumstances in any of the foreign markets in which the Combined Group will operate, including actions by foreign governments such as changes in foreign policy or fiscal regimes, termination of the Combined Group's leases or agreements with such foreign governments, increased government regulation, or forced curtailment or continuation of operations, could materially and adversely affect the Combined Group's business, financial condition, or results of operations.

Alcoa has in the past been and may in the future be unable to obtain, maintain, or renew permits or approvals necessary for the Combined Group's mining operations, which could materially adversely affect the Combined Group's operations and profitability.

Alcoa's mining operations are subject to extensive permitting and approval requirements. These include permits and approvals issued by various government agencies and regulatory bodies at the federal, state, and local levels of governments in the countries in which the Combined Group will operate. The permitting and approval rules are complex, are often subject to interpretations by regulators, which may change over time, and may be impacted by heightened levels of regulatory oversight and stakeholder focus on addressing environmental and social impacts of mining activities.

Changing expectations and increased information required by regulators has in the past and could in the future make the Combined Group's ability to comply with the applicable requirements more difficult, inhibit or delay the Combined Group's ability to timely obtain the necessary approvals, if at all, result in approvals being conditioned in a manner that may restrict the Combined Group's ability to efficiently and economically conduct its mining activities, require the Combined Group to adjust its mining plans, or preclude the continuation of certain ongoing operations and mining activities or the development of future mining operations. Failure to obtain, maintain, or renew permits or approvals, or permitting or approval delays, restrictions, or conditions has in the past and may in the future impact the quality of the bauxite the Combined Group is able to mine and could increase the Combined Group's costs and affect the Combined Group's ability to efficiently and economically conduct the Combined Group's operations, potentially having a materially adverse impact on the Combined Group's results of operations and profitability.

In addition, the permitting processes, restrictions, and requirements imposed by conditional permits or approvals, and associated costs and liabilities, have in the past and may in the future be extensive, which can delay or prevent commencing or continuing exploration or production operations. This has in the past adversely affected and could in the future adversely affect the Combined Group's mining operations and production, as well as the Combined Group's refining and smelting operations, and has in the past and could in the future require the Combined Group to curtail, close, or otherwise modify the Combined Group's production, operations, and sites. In addition, these processes, restrictions, and requirements have in the past resulted and could in the future result in the Combined Group's mining permits being rescinded or modified, or adjustment to the Combined Group's mining plans, to mitigate against adverse impacts to sites within or near the Combined Group's mining areas that have environmental, biodiversity, or cultural significance. Such actions have in the past had and could in the future have a material adverse impact on the Combined Group's results of operations and profitability. For example, the Combined Group seeks annual approvals from the Western Australia government for rolling five-year mine plans to maintain operations at the Huntly and Willowdale bauxite mines. This statutory annual mine approvals process for the Combined Group's 2023-2027 MMP took longer than it had taken historically due to increased requirements and expectations from stakeholders with respect to certain environmental matters. As a result of the prolonged approval process, Alcoa began mining lower grade bauxite in April 2023, which impacted Alcoa's refineries by increasing the use of caustic, energy, and bauxite and decreasing alumina output. Alcoa's 2023-2027 MMP was approved in December 2023, and in connection with such approval, Alcoa is subject to certain new requirements to address key environmental factors, such as enhanced protections for drinking water, increased distances from reservoirs, biodiversity, and accelerated forest rehabilitation. The new requirements will require an acceleration of cash spend of approximately US$40 million over the next three and half years from asset retirement obligations already recorded.

The operations and profitability of the Combined Group could be impacted by rising energy costs and interruptions or uncertainty in energy supplies.

Alcoa's refineries and smelters consume substantial amounts of natural gas and electricity in the production of alumina and aluminium. The prices for and availability of energy have in the past and could in the future be impacted by volatile market conditions resulting from factors beyond Alcoa's control such as weather, political, regulatory, and economic conditions. For example, in 2023, Alcoa announced its engagement with the regional and national governments in Spain to discuss sustained and ongoing losses at the San Ciprián refinery and smelter operations, partly driven by the long-term cost of energy and delays in permitting and development of cost competitive and renewable energy supplies.

Though Alcoa owns certain hydroelectricity assets, Alcoa also relies on third parties for its supply of energy consumed in the manufacture of its products. Energy supply contracts for operations vary in length and market exposure, and the Combined Group could be, and Alcoa and AWAC have been, negatively impacted by:

- significant increases in LME prices, or spot electricity, fuel oil and/or natural gas prices;
- unavailability of or interruptions or uncertainty in energy supply or unplanned outages due to political instability, droughts, hurricanes, wildfires, other natural disasters, equipment failure, or other causes;
- unavailability of long-term energy from renewables in particular locations or at competitive rates;
- curtailment of one or more refineries or smelters due to the inability to extend energy contracts upon expiration or negotiate new arrangements on cost-effective terms, the unavailability of energy at competitive rates; and,
- curtailment of one or more facilities due to high energy c osts that render their continued operation uneconomic, discontinuation of power supply interpretability rights granted under a regulatory regime in the country in which the facility is located, or due to a determination that energy arrangements do not comply with applicable laws, thus rendering the operations that had been relying on such country's energy framework uneconomic.

Events, such as those listed above, could have a material adverse effect on the Combined Group's business, financial condition or results of operations in the future.

Alcoa and Alumina's operations and profitability have been and the Combined Group's could continue to be adversely affected by changes in the cost, quality, or availability of raw materials or other key inputs, or by disruptions in the supply chain.

Alcoa and Alumina's business, financial condition, and results of operations have been and could continue to be negatively affected by the unfavourable changes in the cost, quality, or availability of energy, raw materials, including carbon products, caustic soda, and other key inputs, such as bauxite, as well as freight costs associated with transportation of raw materials and key inputs to refining and smelting locations. The Combined Group may not be able to fully offset the effects of higher raw material or energy costs through price increases, productivity improvements, cost reduction programs, or reductions or curtailments to production at its operations. A decrease in the quality of raw materials or key inputs has in the past and could continue to cause increased production costs, which also has in the past and could continue to result in lower production volumes. For example, AWAC is currently mining and processing lower grade bauxite in Western Australia, which has caused increased production costs.

In addition, due to global supply chain disruptions, the Combined Group may not be able to obtain sufficient supply of raw materials, energy, or other key inputs in a timely manner, including due to shortages, inflationary cost pressures, or transportation delays, which could cause disruption in operations or production curtailments. Though Alcoa and AWAC have been able to source raw materials and other key inputs in adequate amounts from other suppliers or Alcoa or AWAC's own stockpiles to date, there can be no guarantee that the Combined Group's operations or profitability will not be adversely affected in the future. The Combined Group's suppliers, vendors, and customers could experience similar constraints that could impact the Combined Group's operations and profitability.

(h) Business strategy risks

Alcoa has incurred, and may incur in the future, significant costs associated with the Alcoa strategy to be a lower cost, competitive, and integrated aluminium production business and the Combined Group may not be able to realise the anticipated benefits from announced plans, programs, initiatives relating to the Combined Group's portfolio, capital investments, and developing technologies.

Alcoa is executing a strategy to be a low cost and competitive aluminium production business by implementing productivity and cost-reduction initiatives, optimising Alcoa's portfolio of assets, and investing in technology to advance Alcoa's climate-related ambitions. Alcoa has been taking decisive actions to lower the cost base of Alcoa and AWAC's operations through procurement strategies for raw materials, labour productivity, improving operating performance, deploying Alcoa's group-wide business process models, and reducing overhead costs. Though Alcoa has made progress on this strategy, the Combined Group may not be able to realise the expected benefits or cost savings from this strategy.

Alcoa has taken actions and may continue to plan and execute other actions to grow or streamline the Combined Group's portfolio going forward. There is no assurance that anticipated benefits of the strategic actions will be realised. With respect to portfolio optimisation actions such as divestitures, curtailments, closures, and restarts, the Combined Group may face barriers to exit from unprofitable businesses or operations, including high exit costs or objections from various stakeholders, the lack of availability of buyers willing to purchase such assets at prices acceptable to the Combined Group, delays due to any regulatory approvals or government intervention, continuing environmental obligations, and third parties unwilling to release the Combined Group from guarantees or other credit support provided in connection with the sale of assets. In addition, the Combined Group may retain liabilities from such transactions, have ongoing indemnification obligations, and incur unforeseen liabilities for divested entities if a buyer fails to honour all commitments.

Alcoa's business operations are capital intensive, and portfolio optimisation actions such as the curtailment or closure of operations or facilities may include significant costs and charges, including asset impairment or restructuring charges and other measures. There can be no assurance that such actions will be undertaken or completed in their entirety as planned at the anticipated cost or will result in being beneficial to the Combined Group.

Alcoa's announced multi-year portfolio review of assets includes evaluating the portfolio to assess each facility's strategic benefits, competitiveness, and viability. The aim of this review, which is expected to be complete in 2024, is for Alcoa to be a low cost first quartile producer across Alcoa's alumina and aluminium segments, and have up to 85% of smelting production from renewable energy sources. Alcoa's announced roadmap of technologies under development to support its long-term goal of being one of the lowest carbon-producing alumina refineries and aluminium smelters includes investments to develop, implement, and commercialise new technologies to reduce carbon emissions in the aluminium production process. The Combined Group may not be able to implement, fully or in a cost-effective or timely way, the actions necessary to achieve this strategy and goal, which actions could include capturing, maintaining and/or expanding margins from new products, continued product innovation investment in research and development projects and new technologies, successful deployment and commercialisation of effective new technologies, and cost-effective long-term energy solutions. The Combined Group may not achieve the expected results from technology innovation or other benefits, including certain emissions or environmental-related goals, or expected profitability associated with this strategy.

Joint ventures, other strategic alliances, and strategic business transactions may not achieve intended results.

Alcoa participates in joint ventures, has formed strategic alliances, and may enter into other similar arrangements in the future. Although Alcoa has, in connection with its other existing joint ventures and strategic alliances, sought to protect Alcoa's interests, joint ventures and strategic alliances inherently involve special risks. Whether or not the Combined Group holds majority interests or maintains operational control in such arrangements, the Combined Group's joint venture and other business partners may take certain actions and positions, or experience difficulties, that may negatively impact the Combined Group and/or its reputation, such as:

- advancing economic, political, social, or business interests or goals that are inconsistent with, or opposed to those of, the Combined Group and the Combined Group's stakeholders;
- exercising veto rights to block actions that the Combined Group believe to be in the Combined Group's or the joint venture's or strategic alliance's best interests;
- taking action contrary to the Combined Group's policies or objectives with respect to the Combined Group's investments; and,
- as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture, strategic alliance, or other agreements, such as contributing capital to expansion or maintenance projects.

(i) Global operational risks

The Combined Group is exposed to risks related to economic, political, and social conditions, including the impact of trade policies and adverse industry publicity, which may negatively impact the Combined Group's business and the Combined Group's ability to operate in certain locations.

The Combined Group is subject to risks associated with doing business internationally, including foreign or domestic government fiscal and political crises, political and economic disputes and sanctions, social requirements and conditions, and adverse industry publicity. These factors, among others, bring uncertainty to the markets in which the Combined Group competes, and may adversely affect the Combined Group's business, financial condition, and results of operations going forward.

In addition, Alcoa operates in communities around the world, and social issues in the communities where it operates have affected and could continue to affect the Combined Group's ability to maintain its social license to operate; furthermore, incidents related to industry have generated and could continue to generate negative publicity and impact the social acceptability of operations in such locations, including by damaging reputation, relationships with stakeholders, and competitive position. Growing expectations of hosting communities as well as increasing social activism pose additional challenges to maintaining the Combined Group's social licence to operate and expand the business following implementation of the Scheme. For example, community and stakeholder concerns in Juruti, Brazil have affected Alcoa's ability to access certain mining areas at times. In certain jurisdictions, there are increasing regulatory developments to protect minority groups, such as Indigenous Australians. This could have an adverse effect on the Combined Group's ability to secure expansions to its operations at all or in the expected timeframe, could significantly increase the Combined Group's cost of doing business, and could disrupt the Combined Group's operations.

In the United States, in recent years, the US government has taken actions with respect to the implementation of significant changes to certain trade policies, including import tariffs and quotas, modifications to international trade policy, the withdrawal from or renegotiation of certain trade agreements, and other changes that have affected US trade relations with other countries, any of which may require the Combined Group in the future to significantly modify the currently utilised business practices or may otherwise materially and adversely affect the business or those of customers. The US government continues to review trade policies and negotiate new agreements with countries globally that could impact the Combined Group. For example, the US government is negotiating agreements with countries in relation to the tariffs initially applied under Section 232 of the Trade Expansion Act of 1962 (Section 232) in 2018. In 2021, the US and the EU reached agreement whereby the US lifted the Section 232 duties and applied a tariff-rate-quota allowing duty-free importation of aluminium from the EU based on historical volumes, and the EU suspended its retaliatory tariffs that had been in place on certain US products. The US and EU began discussions in 2022 on a Global Arrangement on Sustainable Steel and Aluminium and the parties continue negotiations for a high-level framework. To the extent that further agreements are reached on a broader range of imports, or these tariffs and other trade actions result in a decrease in international demand for aluminium produced in the United States or otherwise negatively impact demand for the Combined Group's products, the Combined Group's business may be adversely impacted, and could further exacerbate aluminium and alumina price volatility and overall market uncertainty.

Alcoa and Alumina are exposed to fluctuations in foreign currency exchange rates and interest rates, as well as inflation and other economic factors in the countries in which Alcoa operates which could affect the Combined Group.

Economic factors, including inflation and fluctuations in foreign currency exchange rates and interest rates, competitive factors in the countries in which Alcoa operates (and in which the Combined Group will operate), and volatility or deterioration in the global economic and financial environment, have in the past and could in the future affect the Combined Group's business, financial condition, and results of operations. Changes in the valuation of the US dollar against other currencies, particularly the Australian dollar, Brazilian real, Canadian dollar, euro, and Norwegian kroner, which are the currencies of certain countries in which the Combined Group will have operations, may affect the Combined Group's profitability, as some important inputs are purchased in other currencies, while Alcoa's products are generally sold in US dollars. As the US dollar strengthens, the cost curve shifts down for smelters outside the United States, but costs for the US smelting portfolio may not decline.

Changes in tax laws or exposure to additional tax liabilities could affect future profitability.

Alcoa is subject to income taxes in both the United States and various non-US jurisdictions. Changes in foreign and domestic tax laws, regulations, or policies, or their interpretation and application by regulatory bodies, or exposure to additional tax liabilities could affect the Combined Group's future profitability. For example, in October 2021, a new framework for international tax was agreed to by 137 member countries and jurisdictions of the OECD, including the two-pillar solution for a global minimum level of taxation. While the future of Pillar

One remains uncertain, it is likely that the global minimum tax under Pillar Two will be fully effective in the countries in which the Combined Group operate by 1 January 2025. Alcoa is continuing to evaluate the Pillar Two Framework and its potential impact on future periods.

The Combined Group's domestic and international tax liabilities will be dependent upon the distribution of profits among the different jurisdictions in which the Combined Group will operate. Alcoa's tax expense includes estimates of additional tax that may be incurred for tax exposures and reflects various estimates and assumptions. The assumptions include assessments of future earnings of Alcoa that could impact the valuation of Alcoa's deferred tax assets. The Combined Group's future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in the overall profitability of Alcoa, changes in tax legislation and rates, changes in generally accepted accounting principles, and changes in the valuation of deferred tax assets and liabilities. Significant changes to tax laws or regulations and the positions of taxing authorities could have a substantial impact, positive or negative, on the Combined Group's effective tax rate, cash tax expenditures and cash flows, and deferred tax assets and liabilities. For example, in December 2023, the US Treasury Department clarified that commercial grade aluminium can qualify for Section 45X of the Advanced Manufacturing Tax Credit, enacted as part of the Inflation Reduction Act of 2022. Section 45X provides a tax credit for certain costs incurred in the production of critical minerals, including aluminium. In the fourth quarter of 2023, Alcoa recorded a full year benefit of US$36 million related to its Massena West (New York) smelter and its Warrick smelter.

Please refer to section 9 for more information in relation to tax risks associated with this Scheme.

Alcoa is subject to tax audits by various authorities in many jurisdictions, such as Australia, Brazil, Canada, and Norway. For example, in July 2020, AofA received notices of assessment from the ATO related to the pricing of certain historic third-party alumina sales. The assessments imposed additional income tax payable by AofA of approximately US$139[57] million (A$214 million), exclusive of interest and penalties. The assessments also included claims for compounded interest on the tax amount totalling approximately US$460[58] million (A$707 million). In accordance with the ATO's dispute resolution practices, AofA paid 50% of the assessed primary income tax amount (exclusive of interest and any penalties) to the ATO during the third quarter of 2020, and the ATO is not expected to seek further payment prior to final resolution of the matter. The ATO has also issued a position paper with its preliminary view on the imposition of administrative penalties related to the tax assessment, proposing penalties of approximately US$83[59] million (A$128 million). AofA disagrees with the ATO's proposed position on penalties and submitted a response to the position paper in Alcoa's fourth quarter of 2020. After the ATO completes its review of AofA's response, the ATO could issue a penalty assessment. Alcoa does not agree with the ATO's positions, and has filed proceedings in the Australian Administrative Appeals Tribunal to contest the assessments. The matter is listed for hearing before the Tribunal from 3 to 28 June 2024. AofA intends to continue to defend this matter in the Courts if required. If AofA is ultimately successful, any amounts paid to the ATO as part of the 50% payment would be refunded. Alcoa regularly assess the potential outcomes of examinations by tax authorities in determining the adequacy of Alcoa's provision for income taxes. The results of tax audits and examinations of previously filed tax returns or related litigation and continuing assessments of Alcoa's tax exposures could materially affect the Combined Group's financial results. Further interest on the unpaid tax will continue to accrue during the dispute. The initial interest assessment and the additional interest accrued are deductible against taxable income by AofA but would be taxable as income in the year the dispute is resolved if AofA is ultimately successful. AofA applied this deduction beginning in the third quarter of 2020, reducing cash tax payments. At 31 March 2024, total reductions in cash tax payments were US$197[60] (A$302 million) and are reflected within Other noncurrent liabilities and deferred credits as a noncurrent accrued tax liability in Table 7.7.4 Reconciliation of the Combined Group Pro Forma Consolidated Balance Sheet as at 31 March 2024.

Alcoa faces significant competition globally within and beyond the aluminium industry, which may have an adverse effect on profitability.

Alcoa competes with a variety of both US and non-US aluminium industry competitors as well as with producers of other materials, such as steel, titanium, plastics, composites, ceramics, and glass, among others. Use of such materials could reduce the demand for aluminium products, which may reduce profitability and cash flow. Factors that will affect the ability of the Combined Group to compete include increased competition from overseas producers, competitors' pricing strategies, the introduction or advancement of new technologies and equipment by competitors or customers, changes in customers' strategy or material requirements, and the ability of the Combined Group to maintain the cost-efficiency of facilities.

The Combined Group may not be able to obtain or maintain adequate insurance coverage.

Alcoa and Alumina maintain various forms of insurance, including insurance covering claims related (for Alcoa) to properties and risks associated with operations. The existing property and liability insurance coverages contain exclusions and limitations on coverage. In connection with renewals of insurance, Alcoa has experienced, and the Combined Group could experience in the future, additional exclusions and limitations on coverage, significantly increased self-insured retentions and deductibles, and significantly higher premiums. As a result, the Combined Group's insurance coverage may not cover claims to the extent that it has in the past and the costs that it incurs to procure insurance may increase significantly, either of which could have an adverse effect on the Combined Group's results of operations.

The Combined Group's business, financial condition and results of operations could be adversely affected by disruptions in the global economy caused by ongoing regional conflicts.

The global economy has been negatively impacted by ongoing regional conflicts, such as the conflict between Russia and Ukraine and the conflict in the Middle East. Such adverse and uncertain economic conditions have exacerbated supply chain disruptions and increased costs for energy, particularly in

57. Based on a USD:AUD exchange rate of 0.6650 as at the Last Practicable Date. **58.** Based on a USD:AUD exchange rate of 0.6650 as at the Last Practicable Date.
59. Based on a USD:AUD exchange rate of 0.6650 as at the Last Practicable Date. **60.** Based on a USD:AUD exchange rate of 0.6650 as at the Last Practicable Date.

Spain, and for certain raw materials. In 2022, in response to the conflict between Russia and Ukraine, Alcoa ceased purchasing raw materials from and selling Alcoa's products to Russian businesses. Furthermore, governments in the US, United Kingdom and European Union have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia. To date, these actions and other ongoing regional conflicts and responses have not had a material adverse impact on Alcoa's business, but they could have material negative impacts if the conflicts continue and global sales of Alcoa's products are affected.

Increased trade barriers or restrictions on global trade, or retaliatory measures taken in response, as well as the destabilising effects of regional conflict, could also adversely affect the Combined Group's business, financial condition and results of operations by limiting sales, restricting access to required raw materials, or raising costs thereof. Destabilising effects that these ongoing regional conflicts may pose for the global oil and natural gas markets could also adversely impact operations by further increasing energy costs. Further escalation of geopolitical tensions related to such conflictscould result in loss of property, cyber attacks, additional supply disruptions, an inability to obtain key supplies and materials, reduced production and sales, and/or operational curtailments, and adversely affect the business and the supply chain.

(j) Legal and regulatory risks

The Combined Group may be exposed to significant legal proceedings, investigations, or changes in foreign and/or US federal, state, or local laws, regulations, or policies.

The Combined Group's results of operations or liquidity in a particular period could be affected by new or increasingly stringent laws, regulatory requirements or interpretations, or outcomes of significant legal proceedings or investigations adverse to the Combined Group. The Combined Group may become subject to unexpected or rising costs associated with business operations, compliance measures, or provision of health or welfare benefits to employees due to changes in laws, regulations, or policies. Alcoa is also subject to a variety of legal and compliance risks, including, among other things, potential claims relating to health and safety, environmental matters, intellectual property rights, product liability, data privacy, taxes and compliance with US and foreign export, anti-bribery, and competition laws, and sales and trading practices. The Combined Group may be subject to fines, penalties, interest, or damages (in certain cases, treble damages). In addition, if the Combined Group violates the terms of its agreements with governmental authorities, the Combined Group may face additional monetary sanctions and other remedies as a court deems appropriate.

Climate change, climate change legislation or regulations, and efforts to reduce GHG and build operational resilience to extreme weather conditions may adversely impact the Combined Group's operations and markets.

Energy is a significant input in a number of Alcoa's operations and there is growing recognition that consumption of energy derived from fossil fuels is a contributor to climate change. Several governments or regulatory bodies in areas where the Alcoa operates, such as in the United States, Asia, Brazil, Canada, and the EU, have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change, which could result in changes to the margins of GHG intensive assets and energy-intensive assets. These regulatory mechanisms relating to carbon may be either voluntary or legislated and the inconsistency of associated regulations may impact the Combined Group's operations directly or indirectly through customers or the Combined Group's supply chain. Assessments of the potential impact of future climate change legislation, regulation, and international treaties and accords are uncertain, given the wide scope of potential regulatory change in countries in which Alcoa operates and the diversity in the scope and development of such regulations. The Combined Group may realise increased capital expenditures, costs, or taxes resulting from required compliance with revised or new legislation or regulations, including costs to purchase or profits from sales of allowances or credits under a carbon credit/pricing or "cap and trade" system, increased insurance premiums and deductibles as new actuarial tables are developed to reshape coverage, a change in competitive position relative to industry peers, and changes to profit or loss arising from increased or decreased demand for goods produced by the Combined Group and, indirectly, from changes in costs of goods sold.

The potential physical impacts of climate change or extreme weather conditions on Alcoa's operations are highly uncertain and will be particular to the geographic circumstances. These may include changes in rainfall patterns, wildfires, heat waves, shortages of water or other natural resources, changing sea levels, changing storm patterns, flooding, increased frequency and intensities of storms, and changing temperature levels. Any of these may disrupt the Combined Group's operations, hinder transportation of products to the Combined Group or of the Combined Group's products to customers, interrupt energy supplies, prevent access to facilities, negatively impact suppliers' or customers' operations and their ability to fulfill contractual obligations to the Combined Group, and/or cause damage to facilities, all of which may increase the Combined Group's costs, reduce production, and adversely affect the Combined Group's business, financial condition, or results of operations.

The Combined Group may not achieve strategies or expectations relating to environmental, social, and governance considerations, which could expose the Combined Group to potential liabilities, increased costs, reputational harm, and other adverse effects on the business.

Alcoa has established strategies and expectations relating to certain environmental, social, and governance considerations, including regarding reducing GHG emissions, reducing water usage, reducing waste, improving safety performance, and managing social risks across its operations. These strategies and expectations reflect Alcoa's current plans and aspirations, and there is no guarantee that they will be achieved. Alcoa's ability to achieve any such strategies or expectations is subject to numerous factors and conditions, some of which are outside Alcoa's control. Examples of such factors include, but are not limited to, evolving legal, regulatory, and other standards, processes, and assumptions, the pace of scientific and technological developments, increased costs, the availability of requisite suppliers, energy sources, or financing, and changes in carbon markets. Failures or delays (whether actual or perceived) in achieving strategies or expectations related to these matters could expose the Combined Group to potential liabilities, increased costs, reputational harm, and other adverse effects on the business.

Alcoa is subject to a broad range of health, safety and environmental laws, regulations, and other requirements in the jurisdictions in which Alcoa operates that may expose it to substantial claims, costs, and liabilities.

Alcoa's operations worldwide are subject to numerous complex and increasingly stringent federal, state, local and foreign laws, regulations, policies, and permitting, licensing, and other requirements, including those related to health, safety, environmental, and waste management and disposal matters, which may expose the Combined Group to substantial claims, costs, and liabilities. The Combined Group may be subject to fines, penalties, and other damages, such as natural resources for community damages and the costs associated with the investigation and cleanup of soil, surface water, groundwater, and other media under laws such as the US Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) (commonly known as Superfund) or similar US and foreign regulations. These laws, regulations, policies, and permitting, licensing, and other requirements could change or could be, and have been, applied or interpreted in ways that could (i) require Alcoa to enjoin, curtail, close or otherwise modify the Combined Group's operations and sites, including the implementation of corrective measures, the installation of additional equipment or structures, or the undertaking of other remedial actions, or (ii) subject the Combined Group to enforcement risk or impose on or require the Combined Group to incur additional capital expenditures, compliance or other costs, fines, penalties, or damages, any of which could adversely affect the Combined Group's results of operations, cash flows and financial condition, and the trading price of Alcoa Shares.

The costs of complying with such laws, regulations, policies, and other requirements, including participation in assessments, remediation activities, and cleanups of sites, as well as internal voluntary programs, are significant and will continue to be so for the foreseeable future. Environmental laws may impose cleanup liability on owners and occupiers of contaminated property, including previously owned, non-operational, or divested properties, regardless of whether the owners and occupiers caused the contamination or whether the activity that caused the contamination was lawful at the time it was conducted. As a result, the Combined Group may be subject to claims arising from current or former conditions at sites that Alcoa owns or operates currently, as well as of sites that Alcoa owned or operated in the past, and at contaminated sites that have always been owned or operated by third parties, regardless of whether Alcoa caused the contamination or whether the activity that caused the contamination was lawful at the time it was conducted. Liability may be without regard to fault and may be joint and several, so that the Combined Group may be held responsible for more than its share of the contamination or other damages, or even for the entire share.

In addition, because environmental laws, regulations, policies, and other requirements are constantly evolving, the Combined Group will continue to incur costs to maintain compliance and such costs could increase materially and prove to be more limiting and costly than anticipated.

Alcoa's operations include impoundment structures, which could impact the environment or cause exposure to hazardous substances or other damage, which could result in material liabilities to the Combined Group.

Some of Alcoa's operations generate hazardous waste and other byproducts, which Alcoa contains in tailing facilities, residue storage areas, and other structural impoundments that are subject to extensive regulation and increasingly strict industry standards. Failure of storage areas caused by extreme weather events, erosion, or unanticipated structural failure of impoundments could result in severe, and in some cases catastrophic, damage to the environment, natural resources, or property, or personal injury and loss of life. The impact that the Combined Group's operations may have on the environment, as well as exposures to hazardous substances or wastes associated with the Combined Group's operations, could result in significant costs, civil or criminal damages, fines or penalties, and enforcement actions issued by regulatory or judicial authorities enjoining, curtailing, or closing operations or requiring corrective measures, any of which could have a material adverse effect on the Combined Group.

(k) Available capital and credit-related risks

The Combined Group's business and growth prospects may be negatively impacted by limits on its ability to fund capital expenditures.

Alcoa requires substantial capital to invest in growth opportunities and to maintain and prolong the life and capacity of existing facilities. Alcoa's ability to generate cash flows is affected by many factors, including market and pricing conditions. Insufficient cash generation or capital project overruns may negatively impact the Combined Group's ability to fund as planned sustaining and return-seeking capital projects, and such postponement in funding capital expenditures or inadequate funding to complete projects could result in operational issues. For 2024, Alcoa projects capital expenditure of US$550 million, of which US$460 million is for sustaining capital projects and US$90 million is for return seeking capital projects. If technology research and development projects prove feasible with an acceptable expected rate of return, the Combined Group's capital expenditures for return-seeking projects would increase significantly over the next several years. To the extent the Combined Group's access to competitive financial, credit, capital, and/or banking markets becomes impaired, the Combined Group's operations, financial results, and cash flows could be adversely impacted.

Deterioration in the Combined Group's credit profile or increases in interest rates could increase costs of borrowing money and limit the Combined Group's access to the capital markets and commercial credit.

The major credit rating agencies evaluate Alcoa's creditworthiness and issue specified credit ratings. These ratings are based on a number of factors, including Alcoa's financial strength and financial policies as well as Alcoa's strategies, operations, and execution of announced actions. These credit ratings are limited in scope and do not address all material risks related to an investment in Alcoa, but rather reflect only the view of each rating agency at the time its rating is issued. Nonetheless, the credit ratings Alcoa receives impact Alcoa's borrowing costs as well as Alcoa's access to sources of capital on terms advantageous to Alcoa's business. Failure to obtain or maintain sufficiently high credit ratings could adversely affect the Combined Group's interest rates in financings, the Combined Group's liquidity, or the Combined Group's competitive position, and could also restrict the Combined Group's access to capital markets. In addition, the Combined Group's credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. If a rating agency were to further downgrade the Combined Group's rating, the Combined Group's borrowing costs could increase, the Combined Group's funding sources could decrease, and the Combined Group would need to rely on the Combined Group's cash flows from operations. As a result of these factors, a further deterioration of the Combined Group's credit ratings could have a materially adverse impact on the Combined Group's future operations, cash flows, and financial position.

Alcoa's indebtedness restricts Alcoa's current and future operations, which could adversely affect the Combined Group's ability to respond to changes in the Combined Group's business and manage the Combined Group's operations, and failure to comply with the agreements relating to Alcoa's outstanding indebtedness, including due to events beyond Alcoa's control, could result in an event of default that could materially and adversely affect the Combined Group's business, financial condition, results of operations, or cash flows.

ANHBV, is party to the Amended Revolving Credit Facility as summarised at section 6.13(a). Alcoa and ANHBV are also party to the Amended Japanese Revolving Credit Facility as summarised at section 6.13(c).

Alcoa's ability to comply with these agreements may be affected by events beyond its control, including prevailing economic, financial, and industry conditions. These covenants could have an adverse effect on the Combined Group's business by limiting its ability to take advantage of financing, merger and acquisition, or other opportunities. The breach of any of the covenants or restrictions could result in a default under the Amended Revolving Credit Facility, the Amended Japanese Yen Revolving Credit Facility, or the agreements governing notes and other outstanding indebtedness, including such indebtedness for which Alcoa is a guarantor.

If an event of default were to occur under any of the agreements relating to Alcoa's outstanding indebtedness, including the Amended Revolving Credit Facility, the Amended Japanese Yen Revolving Credit Facility, and the agreements governing Alcoa's notes, Alcoa may not be able to incur additional indebtedness under the Amended Revolving Credit Facility or the Amended Japanese Yen Revolving Credit Facility and the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. Alcoa cannot assure that assets or cash flow would be sufficient to fully repay borrowings under the outstanding debt instruments if accelerated upon an event of default, which could have a material adverse effect on the ability of the Combined Group to continue to operate as a going concern. Further, if Alcoa is unable to repay, refinance, or restructure its secured indebtedness, the holders of such indebtedness could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument also could result in an event of default under one or more of Alcoa's other debt instruments.

Alcoa's indebtedness restricts its current and future operations, which could adversely affect its ability to respond to changes in its business and manage its operations, and failure to comply with the agreements relating to its outstanding indebtedness, including due to events beyond Alcoa's control, could result in an event of default that could materially and adversely affect its business, financial condition, results of operations, or cash flows.

Alcoa and Alcoa Nederland Holding B.V. (**ANHBV**), a wholly-owned subsidiary of Alcoa, are party to a revolving credit agreement with a syndicate of lenders and issuers named therein (as subsequently amended, the Amended Revolving Credit Facility). Alcoa and ANHBV are also party to a revolving credit agreement available to be drawn in Japanese yen (as subsequently amended, the Amended Japanese Yen Revolving Credit Facility). The terms of the Amended Revolving Credit Facility, Amended Japanese Yen Revolving Credit Facility, and the indentures governing Alcoa's outstanding notes contain covenants that could impose significant operating and financial restrictions on Alcoa upon non-compliance with them, including on Alcoa Group's ability to, among other things:

- make investments, loans, advances, and acquisitions;
- amend certain material documents;
- dispose of assets;
- incur or guarantee additional debt and issue certain disqualified equity interests and preferred stock;
- make certain restricted payments, including limiting the amount of dividends on equity securities and payments to redeem, repurchase or retire equity securities or other indebtedness;
- engage in transactions with affiliates;
- materially alter the business we conduct;
- enter into certain restrictive agreements;
- create liens on assets to secure lenders and issuers;
- consolidate, merge, sell or otherwise dispose of all or substantially all of Alcoa's, ANHBV's or a subsidiary guarantor's assets; and,
- take any actions that would reduce Alcoa Group's ownership of AWAC entities below an agreed level.

The Amended Revolving Credit Facility requires Alcoa Group to comply with financial covenants which includes maintaining an interest expense coverage ratio of not less than 3.00 to 1.00 for the 2024 fiscal year, and a debt to capitalization ratio not to exceed .60 to 1.00. As of January 1, 2025, the minimum interest coverage ratio requirement will revert to 4.00 to 1.00. The results of the calculation of these ratios, when considering Alcoa's existing debt obligations, affects and could restrict the amount of additional borrowing capacity under Alcoa's Amended Revolving Credit Facility or other credit facilities, and ANHBV's ability to make restricted payments, to make investments and to incur indebtedness.

In addition, obligations under the Amended Revolving Credit Facility are secured by, subject to certain exceptions, a first priority security interest in substantially all assets of Alcoa's, the Borrower, the material domestic wholly-owned subsidiaries of Alcoa's, and the material foreign wholly-owned subsidiaries of Alcoa's located in Australia, Brazil, Canada, Luxembourg, the Netherlands, Norway, and Switzerland including equity interests of certain subsidiaries that directly hold equity interests in AWAC entities.

The Amended Japanese Yen Revolving Credit Facility includes covenants that are substantially the same as those included in the Amended Revolving Credit Facility. In addition, obligations under the Amended Japanese Revolving Credit Facility are secured by, subject to certain exceptions, a first priority security interest in substantially all assets of Alcoa's, the Borrower, the material domestic wholly-owned subsidiaries of Alcoa's, and the material foreign wholly-owned subsidiaries of Alcoa's located in Australia, Brazil, Canada, Luxembourg, the Netherlands, Norway, and Switzerland including equity interests of certain subsidiaries that directly hold equity interests in AWAC entities.

Alcoa Group's ability to comply with these agreements may be affected by events beyond its control, including prevailing economic, financial, and industry conditions. These covenants could have an adverse effect on Alcoa's business by limiting its ability to take advantage of financing, merger and acquisition, or other opportunities. The breach of any of these covenants or restrictions could result in a default under the Amended

Revolving Credit Facility, the Amended Japanese Yen Revolving Credit Facility, or the indentures governing Alcoa's notes and other outstanding indebtedness, including such indebtedness for which Alcoa is a guarantor.

If an event of default were to occur under any of the agreements relating to Alcoa Group's outstanding indebtedness, including the Amended Revolving Credit Facility, the Amended Japanese Yen Revolving Credit Facility, and the indenture governing Alcoa's notes, Alcoa Group may not be able to incur additional indebtedness under the Amended Revolving Credit Facility or the Amended Japanese Yen Revolving Credit Facility and the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. Alcoa Group cannot assure that its assets or cash flow would be sufficient to fully repay borrowings under Alcoa's outstanding debt instruments if accelerated upon an event of default, which could have a material adverse effect on its ability to continue to operate as a going concern. Further, if Alcoa Group is unable to repay, refinance, or restructure its secured indebtedness, the holders of such indebtedness could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument also could result in an event of default under one or more of Alcoa's other debt instruments.

Alcoa cannot guarantee that it will continue to return capital to Alcoa Stockholders through the payment of cash dividends and/or the repurchase of Alcoa Shares. The reduction or discontinuation of the payment of cash dividends to Alcoa Stockholders or the repurchase of Alcoa Shares could adversely affect the market price or liquidity of Alcoa Shares.

In October 2021, Alcoa's Board initiated a quarterly cash dividend program, at US$0.10 per Alcoa Share and authorised a US$500 million common stock repurchase program, which was fully used with the completion of US$150 million in repurchases during the third quarter of 2022. In July 2022, the Alcoa Board approved an additional common stock repurchase program under which Alcoa may purchase shares of its outstanding common stock up to an aggregate transactional value of US$500 million, depending on Alcoa's continuing analysis of market, financial, and other factors (the July 2022 authorisation). This common stock repurchase authorisation does not have a predetermined expiration date. As of 31 December, 2023, US$500 million remained available for repurchase pursuant to this authorisation. Alcoa is under no obligation to pay any cash dividends to Alcoa Stockholders or to repurchase Alcoa's outstanding shares of common stock at any particular price or at all, and the payment of dividends and/or repurchases of stock may be limited, suspended, or discontinued at any time in Alcoa's discretion and without notice. Alcoa set each of the current dividend and July 2022 authorisations at a level it believes is sustainable throughout the commodity cycle, based on Alcoa's current financial position and reasonable expectations of cash flow. In addition, Alcoa's Amended Revolving Credit Facility and Amended Japanese Yen Revolving Credit Facility could inhibit Alcoa's ability to make certain restricted payments, including the amount of dividends and payments to redeem, repurchase, or retire equity securities or other indebtedness, if Alcoa does not maintain certain financial ratios.

Alcoa intends to pay dividends on a quarterly basis. Dividends on Alcoa Shares are subject to authorisation by Alcoa's Board. The payment, amount, and timing of dividends, if any, depends upon matters deemed relevant by Alcoa's Board, such as Alcoa's financial position, results of operations, cash flows, capital requirements, business condition, future prospects, any limitations imposed by law, credit agreements or senior securities, and other factors deemed relevant and appropriate.

Declines in asset values or increases in liabilities, including liabilities associated with benefit plans or taxes, can reduce stockholders' equity. A deficit in stockholders' equity could limit Alcoa's ability under Delaware law to pay dividends and repurchase shares in the future.

The reduction, suspension, or elimination of Alcoa's cash dividend or Alcoa's common stock repurchase program could adversely affect the market price of Alcoa's stock and/or significantly increase its trading price volatility. The payment of any future dividends and the existence of a common stock repurchase program could cause Alcoa's stock price to be higher than it would otherwise be and could potentially reduce the market liquidity for Alcoa's Shares. Additionally, any future payment of dividends or repurchases of Alcoa's Shares could negatively impact Alcoa's financial position and Alcoa's ability to fund ordinary and existing operations, capital expenditures, the payment of taxes, and growth or other opportunities.

(I) Cybersecurity Risks

Cyber-attacks, security breaches, system failures, software or application vulnerabilities, or other cyber incidents may threaten the integrity of the Combined Group's information technology infrastructure and other sensitive business information, disrupt operations and business processes, expose the Combined Group to potential liability, and result in reputational harm and other negative consequences.

Alcoa depends on information and communications technology, networks, software, and related systems to operate its business, including production controls and operating systems at Alcoa's facilities and systems for recording and processing transactions, interfacing with customers, financial reporting, and protecting the personal data of Alcoa's employees and other confidential information. Alcoa's global operations require increased reliance on technology, which expose Alcoa to risks of theft of proprietary information, including trade secrets and other intellectual property that could have a material adverse effect on Alcoa's business, financial condition, and results of operations. The protection of such information, as well as sensitive customer information, personal data of Alcoa's employees, and other confidential information, is critical to Alcoa. Alcoa faces global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures, known as advanced persistent threats, directed at Alcoa. In addition, a greater number of Alcoa's employees are working remotely since the COVID-19 pandemic, which has generally increased cybersecurity vulnerabilities and risk to Alcoa's information technologies systems.

Cyber-attacks and other cyber incidents are becoming more frequent and sophisticated, are constantly evolving, and are being made by groups and individuals with significant resources and a wide range of expertise and motives. Cyber-attacks and security breaches may include, but are not limited to, unauthorised attempts to access information or digital infrastructure, efforts to direct payments to fictitious parties, viruses, ransomware, malicious codes, hacking, phishing (including through social engineering), denial of service, human error, and other electronic security breaches, any of which could have a material adverse effect on the Combined Group's business, financial condition, and results of operations. As techniques used in cyber-attacks change frequently and may not be immediately detectable, the Combined Group may be unable to anticipate or detect these techniques, such as use of a zero-day exploit or unknown malware, immediately identify the scope and impact of an incident, contain the incident within the Combined Group's systems, or implement preventative or remediation measures, which may have a material adverse effect on the Combined Group's business, financial condition, and results of operations. In addition, Alcoa utilises third-party vendors for certain software applications, storage systems, and cloud computing services. Cyber-attacks, security breaches, or other incidents on the information technology systems of Alcoa's service providers or business partners could materially impact the Combined Group. Alcoa has in the past experienced attempts and incidents by external parties to penetrate Alcoa's and Alcoa's service providers or business partners networks and systems. Such attempts and incidents to date have not had a material adverse effect on Alcoa's business, financial condition, or results of operations.

Alcoa continues to assess potential cyber threats and invest in Alcoa's information technology infrastructure to address these threats, including by monitoring networks and systems, training employees on cyber threats, and enhancing its security policies and its third-party providers. While Alcoa continually works to strengthen its systems and security measures, safeguard information, and mitigate potential risks, there is no assurance that such actions will be sufficient to prevent or timely detect cyber-attacks or security breaches.

In addition, some cybersecurity incidents could negatively impact the Combined Group's reputation and competitive position, and could result in litigation with third parties, regulatory action, loss of business, theft of assets, and significant remediation costs, and because of any of these things, have a material adverse effect on the Combined Group's financial condition and results of operations. Such security breaches could also result in a violation of applicable US and international privacy and other laws, and subject the Combined Group to litigation and governmental investigations and proceedings, any of which could result in the Combined Group's exposure to material civil or criminal liability.

Though Alcoa has disaster recovery and business continuity plans in place, if the Combined Group's information technology systems, or those of the Combined Group's third-party providers, are damaged, breached, interrupted, or cease to function properly for any reason, and, if the disaster recovery and business continuity plans do not effectively resolve the incident on a timely basis, the Combined Group may suffer interruptions in the Combined Group's ability to manage or conduct business and the Combined Group may be exposed to reputational, competitive and business harm as well as litigation and regulatory action, which may materially and adversely impact the Combined Group's business, financial condition, or results of operations.

(m) Labour-related Risks

Union or workforce disputes or arrangements and other employee relations issues, as well as the Combined Group's market conditions, could adversely affect the Combined Group's business, financial condition, or results of operations.

A significant portion of the Alcoa Group's employees are represented by labour unions or worker groups in a number of countries under various collective bargaining agreements or similar arrangements with varying durations and expiration dates.

The Combined Group may not be able to satisfactorily renegotiate the agreements when they expire. In addition, existing arrangements may not prevent strikes, work stoppages, work slowdowns, union organising campaigns, or lockouts at the Combined Group's facilities in the future. The Combined Group may also be subject to general country strikes or work stoppages unrelated to the Combined Group's business or collective bargaining agreements. A labour dispute or work stoppage of employees could have a material adverse effect on production at one or more of the Combined Group's facilities, and depending on the length of work stoppage, on the Combined Group's business, financial condition, or results of operations. Additionally, in the current competitive labour market, if the Combined Group lose critical or a significant number of workers to attrition, it may be difficult or costly to find and recruit replacement employees, which could have a material adverse effect on the Combined Group's business, financial condition, and results of operations.

A decline in the liability discount rate, lower-than-expected investment return on pension assets and other factors could affect the Combined Group's business, financial condition, results of operations, or amount of pension funding contributions in future periods.

Alcoa's results of operations may be negatively affected by the amount of expense the Combined Group record for its pension and other post retirement benefit plans, reductions in the fair value of plan assets, and other factors. Alcoa calculates income or expense for the plans using actuarial valuations in accordance with U.S. GAAP, being accounting principles generally accepted in the United States. These valuations reflect assumptions about financial market and other economic conditions, which may change based on changes in key economic indicators. The most significant year-end assumptions used by Alcoa to estimate pension or other post retirement benefit income or expense for the following year are the discount rate applied to plan liabilities and the expected long-term rate of return on plan assets. In addition, Alcoa is required to make an annual measurement of plan assets and liabilities, which may result in a significant charge to stockholders' equity. Although U.S. GAAP expense and pension funding contributions are impacted by different regulations and requirements, the key economic factors that affect U.S. GAAP expense would also likely affect the amount of cash or securities Alcoa would contribute to the pension plans. Potential pension contributions include both mandatory amounts required under United States federal law and discretionary contributions to improve the plans' funded status. While Alcoa took several actions in recent years to improve the funded status of its pension plans and adjust its asset allocation to reduce variance risk, declines in the discount rate or lower-than-expected investment returns on plan assets could have a material negative effect on Alcoa's cash flows. Adverse capital market conditions could result in reductions in the fair value of plan assets and increase Alcoa's liabilities related to such plans, adversely affecting Alcoa's liquidity and results of operations.

8.4 RISKS RELATING TO THE ALCOA SHARES AND ALCOA CDIS

(a) Flowback and liquidity of New Alcoa CDIs

There is a risk that the market for New Alcoa CDIs may be less liquid than the market for New Alcoa Shares. If this risk is realised, the volume of New Alcoa Shares that can be bought and sold on the ASX and the speed with which they can be bought and sold will be reduced. As set out in section 3.4(a), holders of Alcoa CDIs can convert their Alcoa CDIs into Alcoa Shares. If those Alumina Shareholders who receive Alcoa CDIs as Scheme Consideration subsequently convert their Alcoa CDIs into Alcoa Shares, this may further reduce the liquidity in the market for Alcoa CDIs.

In addition, if a large number of Alumina Shareholders do not intend to continue to hold the New Alcoa CDIs received as Scheme Consideration and instead choose to sell, there is a risk that the trading price of Alcoa CDIs will be temporarily adversely impacted by selling.

As set out in section 3.4(i), the Sale Agent will be issued New Alcoa Shares attributable to Ineligible Foreign Shareholders and will be seeking to sell those securities on NYSE as soon as reasonably practicable, which may also contribute to any potential adverse impact on the trading price of the New Alcoa Shares.

(b) Volatility of New Alcoa CDIs

Dual listing may result in price variations between Alcoa's securities listed on the different exchanges due to a number of factors, including that New Alcoa CDIs will be quoted and trade on the ASX in Australian dollars, whereas New Alcoa Shares will be quoted and trade on NYSE in US dollars, volatility in the exchange rate between the two currencies, and differences between the trading schedules and time zones of the two exchanges, among other factors. A decrease in the price of Alcoa's securities in one market may result in a decrease in the price of Alcoa's securities in the other market. These dual movements may cause New Alcoa CDIs to be more volatile than New Alcoa Shares have historically been. Dual listing also presents Alcoa with the opportunity to raise additional funds through the issuance of CDIs, which could cause dilution to stockholders.

(c) Future stock issues by Alcoa

Alcoa is currently authorised under the Alcoa Certificate of Incorporation to issue 850 million shares of capital stock, consisting of 750 million shares of common stock, par value US$0.01 per share, and 100 million shares of preferred stock, par value US$0.01 per share. The Alcoa Board may by resolution authorise the issuance of common stock or one or more series of preferred stock up to those limits.

Stockholder approval is only required for certain significant issues of securities, including issuances (in each case subject to certain exceptions):

- in connection with new or materially amended equity compensation plans;
- to a related party (including directors, officers, substantial security holders and their affiliates); or
- in any transaction if the number of shares or voting power of common stock is, or will be upon issuance, equal to or in excess of 20% of the number of shares or voting power of common stock outstanding before the issuance of such common stock (or of securities convertible into or exercisable for common stock).

Following implementation of the Scheme, if Alcoa was to issue stock (whether common stock or preferred stock) other than on a pro rata basis to Alcoa Stockholders, it would be dilutive to Alcoa Stockholders.

8.5 RISKS AND IMPLICATIONS FOR ALUMINA IF THE SCHEME IS NOT IMPLEMENTED

If the Scheme does not proceed, Alumina will continue as a standalone entity and Alumina Shareholders will retain their Alumina Shares. In these circumstances, Alumina may be subject to the risks set out in this section 8.5.

(a) Risks arising from the consequences of the Scheme not being implemented

i) **Alumina Shareholders will not receive the Scheme Consideration or a pro rata share of the Net Cash Proceeds (as applicable):** If the Scheme is not implemented: Alumina Shareholders will retain their Alumina Shares and will not receive the Scheme Consideration (or in the case of Ineligible Foreign Shareholders, they will not receive their pro rata share of the Net Cash Proceeds). If the Scheme is not implemented, Alumina would remain listed on ASX and would continue to operate its business. In those circumstances, Alumina Shareholders will continue to be exposed to the risks and benefits of owning Alumina Shares.

ii) **The trading price of Alumina Shares may fall below recent trading prices in the absence of a superior proposal for Alumina:** The market price of a company's publicly traded securities is affected by many variables, including changes in investor behaviour and strategies, interest rates, general market and economic conditions, and government regulation. There can be no assurance that such fluctuations will not affect the price of Alumina Shares in the future if the Scheme does not proceed.

   The trading price of Alumina Shares rose by 6.9% on announcement of the Transaction on 26 February 2024, and rose by 8.1% on the day it was announced that the Scheme Implementation Deed had been signed. Since market close on 23 February 2024 (being the last day on which Alumina Shares traded before announcement of the Transaction on 26 February 2024) the Alumina Share price has increased 85.8% up to a closing price of A$1.90 on the Last Practicable Date. If the Scheme is not approved and no comparable proposal or superior proposal for Alumina emerges, it is expected that the trading price of Alumina Shares will fall.

iii) **Transaction costs will be borne by Alumina:** If the Scheme is not implemented, Alumina's transaction costs will be borne by Alumina alone, subject to any off-set by way of the Reverse Break Fee payment from Alcoa (if payable). Alumina may also be required to pay the Break Fee to Alcoa, depending on the circumstances in which the Scheme does not proceed. Further information regarding the Break Fee and the circumstances in which it may become payable are described in Annexure C.

iv) **The benefits associated with the Combined Group will not be realised:** If the Scheme is not implemented, Alumina will remain listed on the ASX as a standalone entity and the benefits anticipated from the Combined Group will not be realised.

(b) Other risks for Alumina as a standalone entity

i) **Financial management:** AWAC may require substantial capital to maintain and prolong the life and capacity of existing facilities, to fund obligations in relation to curtailed, closed or divested assets and to invest in growth opportunities. AWAC's ability to generate cash flows is affected by many factors, including alumina and bauxite prices. Under the AWAC joint venture agreements, Alumina only has a veto right over equity calls on behalf of AWAC totalling, in any one year, in excess of US$1 billion. Alumina may require additional capital, including in the short term, to fund AWAC capital calls and other corporate costs. Although Alumina has the benefit of certain limited, temporary arrangements regarding funding of AWAC capital calls under the Scheme Implementation Deed, those arrangements will end no later than 1 September 2025[61] and Alumina may be unable to access desired or required amounts of capital (either debt – including renewal of existing facilities or new financing, or equity at agreeable terms). Inability to meet AWAC capital calls may lead to Alumina's ownership interest being diluted under the AWAC joint venture agreements. Alumina's bank facilities include a review event if Alumina's ownership in AWAC Entities falls below certain specified levels. There is also a risk that Alumina's credit rating may change, which could increase the cost/availability of future funding requirements. Additionally, constrained AWAC cash flows may lead to Alumina paying limited or no dividends to its shareholders.

ii) **Joint venture:** AWAC's shareholders, Alumina and Alcoa, are different entities. Whilst Alumina's sole investment is in AWAC, Alcoa is invested in a broader range of activities, hence their interests may not be aligned. Alumina does not hold a majority interest in AWAC, and decisions made by majority vote may not be in the best interests of Alumina. There is also a risk that Alumina and Alcoa may have differing priorities.

iii) **Legal, tax and compliance:** In addition to AWAC related legal, tax and compliance risk, the Alumina Group is subject to a variety of corporate legal and compliance risks, including potential claims relating to tax, securities laws, health and safety and other legal compliance matters. Non-compliance may result in sanctions such as fines, additional tax liabilities or orders requiring positive action by the Alumina Group.

iv) **Litigation:** In addition to AWAC related litigations risks, the Alumina Group may be subject to litigation, arbitration, expert determination, class actions and other claims and disputes arising from its business, including contractual disputes, indemnity claims, occupational health and safety and employment related claims. Any litigation, class actions, claims or disputes, including employment related claims, including the costs of settling claims, or a negative outcome from litigation and operational impacts, could materially adversely affect Alumina's operating and financial performance.

v) **Reliance on AWAC:** Alumina relies on information being provided by AWAC and Alcoa to inform its strategy and decision making and prepare its public disclosures. There is a risk of such information being delayed, incomplete or containing errors, leading to potential challenges in managing Alumina's business and potential errors in Alumina's public disclosures.

vi) **AWAC-related risks:** Alumina Shareholders are exposed to a number of the risks set out in section 8.3 to the extent that they relate to AWAC. Specifically, the following risks apply to Alumina as a standalone entity to the extent they relate to AWAC:

- section 8.3(g) (*Industry and global market risks*);
- section 8.3(h) (*Business strategy risks*);
- section 8.3(i) (*Global operational risks*);
- section 8.3(j) (*Legal and regulatory risks*);
- section 8.3(k) (*Available capital and credit related risks*);
- section 8.3(l) (*Cybersecurity risks*); and
- section 8.3(m) (*Labour-related risks*).

AWAC related risks may have a particularly material effect on Alumina as a standalone entity as its stake in AWAC is its only material asset. For example, AWAC (and hence Alumina) has a concentrated exposure to the alumina market, and AWAC operational and production related risks, with Alumina's performance significantly affected by any changes to the market price of alumina and AWAC costs and production levels.

61. See paragraph (d) of Annexure C for more detail.

SECTION

09

Tax implications of the Scheme

9.1 AUSTRALIAN TAXATION

(a) Australian taxation outline

The following is a general description of the Australian tax consequences of the Scheme (assuming it becomes Effective) for Scheme Participants. It does not constitute tax advice and should not be relied upon as such.

The description is based upon the Australian law and administrative practice in effect as at the Last Practicable Date but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of an Alumina Shareholder. Alumina Shareholders should seek independent professional advice in relation to their own particular circumstances.

The income tax comments set out below are relevant only to those Alumina Shareholders who hold their Alumina Shares on capital account. The description does not address the Australian income tax consequences for Alumina Shareholders who:

- hold their Alumina Shares for the purposes of speculation or a business of dealing in securities (for example, as trading stock);
- acquired their Alumina Shares pursuant to an employee share, option or rights plan;
- are financial institutions, insurance / life insurance companies, partnerships, superannuation funds, tax exempt organisations or temporary residents;
- are Australian residents who hold their Alumina Shares as part of an enterprise carried on at or through a permanent establishment in a foreign country;
- change their tax residence while holding Alumina Shares;
- invest indirectly into Alumina Shares through directed portfolio services, master funds or other portfolio administration services;
- are dealers in Alumina Shares; or
- are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their Alumina Shares.

Alumina Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the income tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

(b) Australian resident shareholders

(i) General

The following is a general summary of the Australian income tax implications expected to arise for certain Australian resident Alumina Shareholders on implementation of the Scheme. As this summary is necessarily general in nature, Alumina Shareholders should consult with a professional tax adviser regarding their particular circumstances.

(ii) ATO Class Ruling

Alumina is in the process of applying to the ATO for a class ruling to confirm the specific Australian income tax implications for certain Alumina Shareholders in relation to their disposal of Alumina Shares under the Scheme (including the availability of scrip for scrip rollover relief) (**ATO Class Ruling**). The Scheme is conditional on the ATO confirming that it is prepared to issue the ATO Class Ruling.

While the ATO must provide confirmation that it is prepared to issue the ATO Class Ruling before the Scheme can be implemented, the final ATO Class Ruling is not expected to be issued until after implementation of the Scheme.

It is anticipated that the ATO's views to be expressed in the ATO Class Ruling will be generally consistent with the summary of the key implications set out below. It is possible, however, that the ATO may take a different view to the consequences below.

(iii) Disposal of Alumina Shares

The disposal of Alumina Shares by Alumina Shareholders to Alcoa Bidder on the Implementation Date will constitute a disposal for CGT purposes. An Alumina Shareholder will generate:

- a capital gain if the capital proceeds from the disposal of their Alumina Shares are greater than the cost base of their Alumina Shares; or
- a capital loss if the capital proceeds from the disposal of their Alumina Shares are less than the reduced cost base of their Alumina Shares.

(iv) Capital proceeds received under the Scheme

The capital proceeds received for the disposal of an Alumina Shareholder's Alumina Shares will be equal to the market value of the Scheme Consideration received by them (determined on the Implementation Date).

(v) Cost base

The cost base (and reduced cost base) of the Alumina Shares should generally be their cost of acquisition and certain incidental costs of acquisition, ownership and disposal.

(vi) CGT discount

Individuals, complying superannuation entities or trustees that have held Alumina Shares for at least 12 months prior to the CGT event may be entitled to discount the amount of any capital gain (after application of capital losses) from the disposal of Alumina Shares by 50% in the case of individuals and trustees or by 33.3% for complying superannuation entities. For trustees, the ultimate availability of the discount for beneficiaries of the trusts will depend on the particular circumstances of the beneficiaries.

Companies that hold Alumina Shares are not eligible for the CGT discount.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain is included in the assessable income of the relevant Alumina Shareholder and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

(vii) Scrip-for-scrip Roll-Over Relief from CGT

Scrip-for-scrip roll-over relief allows taxpayers to defer a capital gain made by a taxpayer if, broadly, under a single arrangement, a taxpayer exchanges a share in a company for a share in another company in certain circumstances (**Roll-Over Relief**). Alumina is seeking confirmation that Roll-Over Relief is available for certain Alumina Shareholders in the ATO Class Ruling.

For Australian resident Alumina Shareholders who exchange their Alumina Shares for New Alcoa CDIs and would otherwise realise a capital gain in respect of the disposal of their Alumina Shares, Roll-Over Relief should be available if they choose to obtain Roll-Over Relief. Broadly, the consequences of an Australian resident Alumina Shareholder choosing Roll-Over Relief would be that:

- any capital gain made upon the disposal of the Alumina Shares will be deferred;
- the first element of cost base and reduced cost base of the New Alcoa CDIs received will be equal to the cost base and reduced cost base (respectively) of the Alumina Shares for which the New Alcoa CDIs were exchanged; and
- the Alumina Shareholder will be deemed (for CGT discount purposes only) to have acquired the New Alcoa CDIs at the time that they originally acquired, or are deemed to have acquired, their Alumina Shares. This may be relevant for CGT discount purposes in respect of future disposals.

Alumina Shareholders who duly elect to choose Roll-Over Relief should not include any capital gain from the disposal of their Alumina Shares in their net capital gain calculation for the year in which the Implementation Date occurs. An Alumina Shareholder will provide sufficient evidence of having chosen Roll-Over Relief by the way they prepare their income tax return (i.e. by excluding the disregarded capital gain from assessable income). No formal election is required to be lodged in order to choose to obtain Roll-Over Relief.

Alumina Shareholders who do not wish to choose Roll-Over Relief should include in their net capital gain calculation for the year in which the Implementation Date occurs any capital gain realised by them on the disposal of their Alumina Shares.

If an Alumina Shareholder would realise a capital loss as a result of disposing of their Alumina Shares under the Scheme, Roll-Over Relief will not be available, and the capital loss will be realised.

The benefit of choosing Roll-Over Relief will depend on the individual circumstances of each Alumina Shareholder and therefore Alumina Shareholders should seek professional tax advice.

(viii) Consequences of holding New Alcoa CDIs

(A) Dividends in respect of New Alcoa CDIs

Any dividends in respect of New Alcoa CDIs received by an Australian resident Alumina Shareholder will be subject to income tax in the year in which they are payable.

The Alumina Shareholder will need to include in their assessable income the amount of the cash received together with any amount withheld by Alcoa referable to United States withholding tax. The Alumina Shareholder may be entitled to a foreign income tax offset equal to the amount withheld.

Subject to an Australian resident Alumina Shareholder being entitled to the benefit of the United States / Australia Double Tax Treaty, the rate of withholding should be:

- 5% for Alumina Shareholders who are a company and directly hold 10% or more of Alcoa; or
- 15% for all other Alumina Shareholders.

Alumina Shareholders should obtain their own advice on the availability of relief from withholding tax under the United States / Australia Double Tax Treaty.

(B) Future disposal of New Alcoa CDIs

A future disposal of New Alcoa CDIs will be a CGT event for an Australian resident Alumina Shareholder, which will result in the Alumina Shareholder realising a capital gain or a capital loss. The amount of that capital gain or capital loss will depend on the Alumina Shareholder's cost base, or reduced cost base, and the acquisition date of their New Alcoa CDIs. This, in turn, will depend on whether the Alumina Shareholder chose Roll-Over Relief.

If Roll-Over Relief was available and the Alumina Shareholder chose Roll-Over Relief then the Alumina Shareholder will be deemed (for CGT discount purposes only) to have acquired their New Alcoa CDIs at the time that they originally acquired, or are deemed to have acquired, their Alumina Shares.

If Roll-Over Relief was not available or the Alumina Shareholder did not choose Roll-Over Relief, then:

- the first element of cost base and reduced cost base of their New Alcoa CDIs received will be equal to the market value of the Alumina Shares on the Implementation Date; and
- the date of acquisition for CGT discount purposes of the New Alcoa CDIs will be the Implementation Date.

(c) Non-resident shareholders

For an Alumina Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their Alumina Shares in carrying on a business through a permanent establishment in Australia,

you will generally not have to pay Australian tax on any capital gain when you dispose of your Alumina Shares, unless both of the following requirements are satisfied:

- you hold a "non-portfolio interest" in Alumina; and
- the Alumina Shares pass the "principal asset test".

If either element is absent, any capital gain made on the disposal of your Alumina Shares should not be subject to income tax in Australia (i.e. it should be disregarded for Australian tax purposes).

You will hold a "non-portfolio interest" in Alumina if you (together with your Tax Associates) own, or owned, throughout a 12 month period during the 24 month period preceding the sale of your Alumina Shares, 10% or more of (broadly) all of the shares in Alumina.

Broadly, the Alumina Shares would pass the "principal asset test" if the market value of Alumina's direct and indirect interests in Australian land (including leases) is more than the market value of its other assets at the time of the Implementation Date. Detailed calculations are necessary to determine the results of the "principal asset test".

If you cannot disregard your capital gain, Roll-Over Relief will only be available if immediately after you acquire the Scheme Consideration:

- you hold your New Alcoa CDIs in carrying on business through a permanent establishment in Australia; or
- both of the following apply:
  - you hold a "non-portfolio interest" in Alcoa (refer to the description above); and
  - more than 50% of Alcoa's value is attributable to direct or indirect interests in "taxable Australian real property" (as defined in the *Income Tax Assessment Act 1997* (Cth)).

If you buy and sell shares in the ordinary course of business, or acquired the shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief available under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own tax advice.

You should also seek advice from your tax adviser as to the taxation implications of the Scheme in your country of residence.

A non-resident individual Alumina Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the Alumina Shares as set out in sections 9.1(b)(iii) to 9.1(b)(vii).

(d) Foreign resident capital gains withholding tax

(i) Overview

Under the foreign resident capital gains tax withholding (**FRCGW**) rules in Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth), Alcoa may have the obligation to withhold an amount of up to 12.5% of the Scheme Consideration payable to you and pay such amount to the ATO, if (very broadly):

- both the "non-portfolio test" and the "principal asset test" set out in above are satisfied in relation to your Alumina Shares; and
- any of the following apply:
  - Alcoa knows that you are a foreign resident for Australian tax purposes;
  - Alcoa reasonably believes that you are a foreign resident for Australian tax purposes;
  - Alcoa does not reasonably believe that you are a resident for Australian tax purposes and either:
    - you have an address outside Australia (according to any record in Alcoa's possession, or is kept or maintained on Alcoa's behalf); or
    - Alcoa is authorised to provide a financial benefit (e.g. payment of the Scheme Consideration) to a place outside Australia; or
  - you otherwise have a connection outside Australia of a kind specified in the tax regulations.

If Alcoa determines or reasonably believes that it has an obligation to withhold and make the above payment, Alcoa will (subject to the comments below in relation to relevant tax declarations and variations) withhold the applicable FRCGW amount from the Scheme Consideration payable to you and pay that amount to the ATO. This mechanism may be facilitated through the Sale Facility and for this purpose you may be deemed to be an Ineligible Foreign Shareholder (refer to section 3.4(h)). You will only receive the net proceeds and will be taken to receive the full Scheme Consideration for the purposes of the Scheme, such that Alcoa will be discharged of any liability to pay that amount of the Scheme Consideration to you.

Depending on your specific circumstances, you may be entitled to apply to the ATO, before the disposal of your Alumina Shares, for the ATO to vary and reduce the rate of withholding below 12.5% of the Scheme Consideration (including to nil) (**Variation Notice**).

(ii) Declaration for non-withholding of FRCGW

Alcoa may request certain Scheme Participants to provide Alcoa with either:

- a Variation Notice; or
- a completed declaration to the effect that, for a specified period (during which period the Scheme is implemented), either:
  - you are an Australian resident for Australian tax purposes (**Australian Residency Declaration**); or
  - your Alumina Shares do not satisfy the non-portfolio test (see above) and/or do not satisfy the principal asset test (see above) (**Non-Portfolio Interest Declaration**).

If Alcoa requests you to provide a Variation Notice before Alcoa Bidder acquires your Alumina Shares, and you provide a valid Variation Notice before that time, Alcoa will withhold, under the FRCGW regime, the amount required to be withheld in accordance with the Variation Notice.

If Alcoa requests you to provide a completed Australian Residency Declaration or Non-Portfolio Interest Declaration to Alcoa before Alcoa Bidder acquires your Alumina Shares, and you provide such a declaration, Alcoa should not deduct any amount for FRCGW from the Scheme Consideration payable to you, unless Alcoa knows or reasonably believes the declaration to be false, or the period specified in the declaration includes days later than 6 months after the day the declaration was made.

If Alcoa does not request you to provide either a Variation Notice, an Australian Residency Declaration or a Non-Portfolio Interest Declaration in relation to your Alumina Shares, it is expected that Alcoa will not withhold any amount for FRCGW from the Scheme Consideration payable to you.

If Alcoa requests that you provide a Variation Notice, Australian Residency Declaration or Non-Portfolio Interest Declaration and you do not provide any of these before Alcoa Bidder acquires your Alcoa Shares, it is expected that Alcoa will withhold the applicable FRCGW amount from the Scheme Consideration payable to you.

(iii) Credit for FRCGW tax

Any amount withheld from the Scheme Consideration for FRCGW is not a final tax. You should be entitled to claim a credit in your Australian income tax return, for the relevant income year, for any amount withheld for FRCGW and remitted by Alcoa in respect of your Alumina Shares. To the extent the FRCGW tax exceeds your final Australian tax liability for the disposal of your Alumina Shares, you should be entitled to a refund of the difference.

(e) Goods and services tax (GST)

Alumina Shareholders should not be liable for GST in respect of a disposal of their Alumina Shares under the Scheme.

If Alumina Shareholders incur GST on acquisitions (e.g. GST on legal, financial or tax advice they seek), to the extent that any of these acquisitions relate to the disposal of their Alumina Shares, they may not be entitled to claim input tax credits or may only be entitled to reduced input tax credits in relation to any GST incurred on these acquisitions. Alumina Shareholders should seek independent tax advice in relation to their individual circumstances.

(f) Stamp duty

Alumina Shareholders should not be liable for any stamp duty in any Australian State or Territory in relation to the disposal of their Alumina Shares. Under the terms of the Scheme Implementation Deed (refer to clause 19.3), Alcoa and Alcoa Bidder must pay all stamp duty payable on the Scheme Implementation Deed and any transaction contemplated by the Scheme Implementation Deed.

9.2 UNITED STATES TAXATION

(a) Material United States Federal Income Tax Consequences of the Scheme

The following discussion summarises the material US federal income tax consequences to US Holders and non-US Holders (each as defined below) of the receipt of New Alcoa Shares or New Alcoa CDIs in exchange for Alumina Shares or Alumina ADSs pursuant to the Scheme and of the ownership and disposition of New Alcoa Shares or New Alcoa CDIs. It is not intended to be a complete analysis or description of all potential US federal income tax consequences of the Scheme. This discussion is based upon the provisions of the US Internal Revenue Code of 1986, as amended (the **Code**), its legislative history, the US Treasury Regulations promulgated thereunder, published positions of the Internal Revenue Service (the "**IRS**"), and judicial and administrative rulings, all as in effect as of the Last Practicable Date and all of which are subject to change or varying interpretation, possibly with retroactive effect. Any such changes could affect the accuracy of the statements and conclusions set forth herein. The Internal Revenue Service may not agree with the tax consequences described in this discussion.

This discussion assumes that holders of Alumina Shares or Alumina ADSs hold their Alumina Shares or Alumina ADSs as capital assets within the meaning of section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of US federal income taxation that may be relevant to a holder of Alumina Shares or Alumina ADSs in light of such holder's particular circumstances, nor does it discuss the special considerations applicable to holders of Alumina Shares or Alumina ADSs subject to special treatment under the US federal income tax laws, such as, for example, financial institutions or broker-dealers, mutual funds, tax-exempt organisations, retirement or other tax-deferred accounts, insurance companies, dealers in securities or non-US currencies, traders in securities who elect the mark-to-market method of tax accounting, controlled foreign corporations, passive foreign investment companies, holders who hold their Alumina Shares or Alumina ADSs as part of a hedge, straddle, constructive sale or conversion transaction, US holders (as defined below) whose functional currency is not the US dollar and holders who own or have owned (directly, indirectly or constructively) 10% or more of the Alumina Shares or Alumina ADSs (by vote or value). In addition, this discussion does not address any tax consequences arising under the laws of any state, local or non-US jurisdiction, the application of the Medicare tax on net investment income under section 1411 of the Code, or the alternative minimum tax or US federal non-income tax consequences (for example, the federal estate or gift tax).

If an entity or arrangement treated as a partnership for US federal income tax purposes holds Alumina Shares or Alumina ADSs, the tax treatment of a partner in such a partnership generally will depend on the status of the partner and activities of the partnership. If you are a partner of a partnership holding Alumina Shares, you should consult your own tax advisor.

For purposes of this discussion, the term "**US holder**" means a beneficial owner of Alumina Shares or Alumina ADSs that is, for US federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (including any entity treated as a corporation for US federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to US federal income tax regardless of its source; or
- a trust (i) if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorised to control all substantial decisions of the trust or (ii) that has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

A "**non-US holder**" is a beneficial owner of Alumina Shares or Alumina ADSs that, for US federal income tax purposes, is an individual, corporation, estate or trust that is not a US holder or a partnership.

In general, for US federal income tax purposes, a holder of New Alcoa CDIs will be treated as the beneficial owner of the underlying New Alcoa Shares represented by the CDIs.

Holders that are Ineligible Foreign Shareholders generally will be treated as having received New Alcoa Shares in exchange for Alumina Shares or Alumina ADSs pursuant to the Scheme (which will be taxed as described below under " – Material US Federal Income Tax Consequences to US Holders – Consequences of the Scheme" or " – Material US Federal Income Tax Consequences to Non-US Holders – Consequences of the Scheme", as applicable) and then having received cash in AUD in exchange for such New Alcoa Shares (which will be taxed as described below under " – Material US Federal Income Tax Consequences to US Holders – Consequences of Holding and Disposing of New Alcoa Shares and New Alcoa CDIs – Sale or Other Taxable Disposition" or " – Material US Federal Income Tax Consequences to Non-US Holders – Consequences of Holding and Disposing of New Alcoa Shares and New Alcoa CDIs – Sale or Other Taxable Disposition").

All holders should consult their own tax advisor to determine the particular US federal income tax consequences to them (including the application and effect of any state, local or non-US income and other tax laws) of the receipt of New Alcoa Shares or New Alcoa CDIs in exchange for Alumina Shares or Alumina ADSs pursuant to the Scheme and of the ownership and disposition of New Alcoa Shares or New Alcoa CDIs.

(b) Material US Federal Income Tax Consequences to US Holders

(i) Consequences of the Scheme

(A) Receipt of Scheme Consideration in General

Alumina expects that the receipt of New Alcoa Shares or New Alcoa CDIs in exchange for Alumina Shares or Alumina ADSs pursuant to the Scheme will be a taxable transaction for US federal income tax purposes.

Subject to the application of the passive foreign investment company rules, discussed below, a US holder generally will recognise gain or loss for US federal income tax purposes equal to the difference, if any, between (i) the fair market value of the New Alcoa Shares or New Alcoa CDIs received pursuant to the Scheme and (ii) such US holder's adjusted tax basis in the Alumina Shares or Alumina ADSs surrendered in exchange therefore, as applicable. A US holder's adjusted tax basis in the Alumina Shares or Alumina ADSs generally will be the US dollar value (on the date of purchase) of the amount paid by the US holder to purchase the Alumina Shares or Alumina ADSs.

If Alumina neither is, nor has been, a PFIC (as defined below) for any taxable year during which a US holder held Alumina Shares or Alumina ADSs, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the holder's holding period for such Alumina Shares or Alumina ADSs exceeds one year as of the date of the Scheme. The deductibility of capital losses is subject to limitations. If a US holder acquired different blocks of Alumina Shares or Alumina ADSs at different times or at different prices, such US holder must determine its tax basis, holding period, and gain or loss separately with respect to each block of Alumina Shares or Alumina ADSs.

A US holder's tax basis in the New Alcoa Shares or New Alcoa CDIs received in the Scheme will equal the fair market value of the New Alcoa Shares or New Alcoa CDIs as of the Implementation Date. A US holder's holding period for the New Alcoa Shares or New Alcoa CDIs received in the Scheme will begin on the day following the Implementation Date.

Notwithstanding the above, in certain circumstances, for a US holder of Alumina that also actually or constructively owns Alcoa Shares, instead of recognising gain or loss as described above in respect of New Alcoa Shares or New Alcoa CDIs received in the Scheme, such US holder may be treated as receiving a deemed distribution up to the fair market value of such New Alcoa Shares or New Alcoa CDIs (all or a portion of which may constitute a dividend to the extent of Alumina's earnings and profits as measured for US tax purposes) if certain conditions are met. Because the possibility of distribution treatment depends upon each US holder's particular circumstances, including the application of constructive ownership rules, US holders of Alumina Shares that also actually or constructively own Alcoa Shares should consult their tax advisors regarding the potential alternative treatment in their particular circumstances, and any actions that may be taken to mitigate such treatment.

(B) Passive Foreign Investment Company Rules

A non-US corporation, such as Alumina, is generally classified as a "passive foreign investment company" (**PFIC**) for any taxable year if, after the application of certain "look-through" rules, (a) at least 75% of its gross income is "passive income" as that term is defined in the relevant provisions of the Code (for example, dividends, interest, or gains on the disposition of certain property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business), or (b) at least 50% of the average value of its assets consists of assets that produce, or are held for the production of, "passive income", including cash. Additionally, a look-through rule generally applies with respect to 25% or more owned entities. The determination of whether any non-US corporation is a PFIC for any taxable year is a fact-intensive determination and depends on the application of complex US federal income tax rules, which are subject to differing interpretations and may change.

Alumina has not undertaken detailed calculations in relation to its PFIC status. However, based on high level projections, Alumina believes that it was not a PFIC during any taxable year prior to the taxable year ended 31 December 2023, and does not expect that it will be a PFIC through the taxable year that includes the Implementation Date (however, there can be no assurance that the US Internal Revenue Service will not successfully challenge this position). Whether Alumina is a PFIC for a particular taxable year is a factual determination made annually after the close of that taxable year.

US holders should consult their own tax advisors regarding the tax consequences applicable to them with respect to this Scheme, including the possibility of Alumina being treated as a PFIC.

If Alumina is or has been a PFIC for any taxable year during which a US holder held Alumina Shares or Alumina ADSs, such US holder generally will be subject to special rules with respect to any gain recognised on the receipt of New Alcoa Shares or New Alcoa CDIs pursuant to the Scheme, which could result in adverse tax consequences to such US holder. Under these special rules, any gain will generally be allocated ratably over the US holder's holding period for the Alumina Shares or Alumina ADSs. The amount of gain allocated to the taxable year in which the Scheme is implemented, and any taxable year prior to the first taxable year in which Alumina became a PFIC, will be treated as ordinary income for the taxable year in which the Scheme is implemented. The amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year. At the same time, any loss that a U.S. Holder recognises in the Scheme will generally be a capital loss. The deductibility of capital losses is subject to limitations.

A US holder that owns an equity interest in a PFIC may have to file an Internal Revenue Service Form 8621 and such other information as may be required by the US Treasury Department.

The rules dealing with PFICs are very complex and affected by various factors in addition to those described above. Accordingly, US holders are strongly urged to contact their own tax advisors regarding Alumina's possible status as a PFIC for any taxable year in which such US holder held Alumina Shares or Alumina ADSs and the application of the PFIC rules in light of such US holder's particular circumstances (which may result in different tax consequences from the above), including the applicability of any exceptions, and certain elections (e.g., "mark-to-market" election or "qualified electing fund" election).

(ii) Consequences of Holding and Disposing of New Alcoa Shares and New Alcoa CDIs

(A) Distributions

Distributions with respect to New Alcoa Shares or the New Alcoa CDIs will be treated as a dividend to US holders to the extent that they are paid out of Alcoa's current or accumulated earnings and profits, as determined under US federal income tax principles. To the extent that the amount of any distribution exceeds Alcoa's current and accumulated earnings and profits for a taxable year, the excess will first be treated as a tax-free return of capital, causing a reduction in the US holder's adjusted tax basis in such US holder's New Alcoa Shares or New Alcoa CDIs. The balance of the excess, if any, will be treated as gain from the sale of such US holder's New Alcoa Shares or New Alcoa CDIs, as described below under " – Sale or Other Taxable Disposition".

If a US holder is an individual, dividends received by such holder may be subject to a reduced maximum tax rate provided that certain holding period and other requirements are met. US holders should consult their own tax advisors regarding the availability of such reduced tax rate.

(B) Sale or Other Taxable Disposition

A US holder will generally recognise capital gain or loss on a sale or other taxable disposition of New Alcoa Shares or New Alcoa CDIs. The US holder's gain or loss will equal the difference between the US dollar value of the amount realised by the US holder and the US holder's adjusted tax basis in the New Alcoa Shares or New Alcoa CDIs. The amount realised by the US holder will include the amount of any cash and the fair market value of any other property received for the New Alcoa Shares or New Alcoa CDIs. Gain or loss recognised by a US holder on a sale or other taxable disposition of New Alcoa Shares or New Alcoa CDIs will be long-term capital gain or loss if the US Holder's holding period in the New Alcoa Shares or New Alcoa CDIs is more than one year at the time of the sale, exchange or other taxable disposition. Long-term capital gains for certain non-corporate US holders, including individuals, are currently generally eligible for a reduced rate of US federal income taxation. The deductibility of capital losses is subject to limitations.

(c) Material US Federal Income Tax Consequences to Non-US Holders

(i) Consequences of the Scheme

Subject to the discussion below under " – Information Reporting and Backup Withholding", any gain recognised on the receipt of New Alcoa Shares or New Alcoa CDIs pursuant to the Scheme by a non-US holder generally will not be subject to US federal income tax unless:

- the gain is effectively connected with a US trade or business of such non-US holder (and, if required by an applicable income tax treaty, is also attributable to a permanent establishment of such non-US holder), in which case the non-US holder generally will be subject to US federal income tax on such gain in the same manner as a US holder and, if the non-US holder is a non-US corporation, such corporation may be subject to branch profits tax at the rate of 30% on the effectively connected gain (or such lower rate as may be specified by an applicable income tax treaty); or
- the non-US holder is a non-resident alien individual who is present in the United States for 183 days or more in the taxable year of the Scheme and certain other conditions are met, in which case the non-US holder generally will be subject to tax at a 30% rate (or a lower applicable income tax treaty rate) on any such gain (other than gain effectively connected with a US trade or business) which may be offset by certain US source capital losses.

Non-US holders should consult their own tax advisors as to the particular US federal income tax consequences of the Scheme to them.

(ii) Consequences of Holding and Disposing of New Alcoa Shares or New Alcoa CDIs

(A) Distributions

Distributions with respect to New Alcoa Shares or New Alcoa CDIs will be treated as a dividend to non-US holders to the extent that they are paid out of Alcoa's current or accumulated earnings and profits, as determined under US federal income tax principles. To the extent that the amount of any distribution exceeds Alcoa's current and accumulated earnings and profits for a taxable year, the excess will first be treated as a tax-free return of capital, causing a reduction in the non-US holder's adjusted tax basis in such non-US holder's New Alcoa Shares or New Alcoa CDIs. The balance of the excess, if any, will be treated as gain from the sale of such non-US holder's New Alcoa Shares or New Alcoa CDIs, as described below under " – Sale or Other Taxable Disposition".

Dividends paid to a non-US holder generally will be subject to US federal withholding tax at a 30% rate, or a reduced rate specified by an applicable income tax treaty, subject to the discussion below under "—FATCA Withholding". To obtain a reduced rate of withholding under an applicable income tax treaty, a non-US holder generally will be required to provide a properly executed Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, certifying its entitlement to benefits under the income tax treaty.

Dividends paid to a non-US holder that are effectively connected with a US trade or business of such non-US holder (and, if required by an applicable income tax treaty, are also attributable to a permanent establishment) will not be subject to US federal withholding tax if the non-US holder provides a properly executed Internal Revenue Service Form W-8ECI. Instead, the non-US holder will generally be subject to tax on such income in the same manner as a US holder and, if the non-US holder is a non-US corporation, such corporation may be subject to branch profits tax at the rate of 30% on the dividends or income (or such lower rate as may be specified by an applicable income tax treaty).

A non-US holder eligible for a reduced rate of US federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service.

(B) Sale or Other Taxable Disposition

Subject to the discussion below under " – Information Reporting and Backup Withholding", a non-US holder generally will not be subject to US federal income tax on gain realised on a sale or other taxable disposition of New Alcoa Shares or New Alcoa CDIs unless:

- the gain is effectively connected with a US trade or business of such non-US holder (and, if required by an applicable income tax treaty, is also attributable to a permanent establishment of such non-US holder), in which case the non-US holder generally will be subject to tax on such gain in the same manner as effectively connected dividend income as described above;
- the non-US holder is a non-resident alien individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met, in which case the non-US holder generally will be subject to tax at a 30% rate (or a lower applicable income tax treaty rate) on any such gain, which may be offset by certain U.S. source capital losses; or
- Alcoa is or has been a "United States real property holding corporation" (as described below) at any time within the five-year period preceding the disposition or the non-US holder's holding period, whichever period is shorter, and either (a) Alcoa Shares are not regularly traded on an established securities market or (b) the non-US holder has owned or is deemed to have owned, at any time within the five-year period preceding the disposition or the non-US holder's holding period, whichever period is shorter, more than 5% of Alcoa Shares.

Alcoa would be a United States real property holding corporation if at any time the fair market value of Alcoa's "United States real property interests", as defined in the Code and applicable US Treasury Regulations, equals or exceeds 50% of the aggregate fair market value of Alcoa's worldwide real property interests and Alcoa's other assets used or held for use in a trade or business (all as determined for US federal income tax purposes). Alcoa believes that, at the time of the Scheme, it will not be a United States real property holding corporation, and it does not anticipate that it will become a United States real property holding corporation in the foreseeable future.

Non-US holders should consult their own tax advisors as to the particular US federal income tax consequences of the Scheme to them.

(d) Information Reporting and Backup Withholding

Holders may, under certain circumstances, be subject to information reporting and backup withholding (currently at a rate of 24%) with respect to any dividends paid with respect to New Alcoa Shares or New Alcoa CDIs and any proceeds received on the disposition of New Alcoa Shares or New Alcoa CDIs, in each case unless such holder properly establishes an exemption (including by establishing its status as a non-US holder) or provides its correct taxpayer identification number and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules can be refunded or credited against a holder's US federal income tax liability, if any, provided that such holder furnishes the required information to the Internal Revenue Service in a timely manner.

Holders should consult their own tax advisors regarding the information reporting and backup withholding requirements in connection with their ongoing ownership of New Alcoa Shares or New Alcoa CDIs.

(e) FATCA Withholding

Under sections 1471 through 1474 of the Code (such sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA"), payments of dividends on New Alcoa Shares or New Alcoa CDIs paid to (a) a "foreign financial institution" (as specifically defined in the Code) or (b) a "non-financial foreign entity" (as specifically defined in the Code) will be subject to a withholding tax (separate and apart from, but without duplication of, the withholding tax described above) at a rate of 30%, unless various US information reporting and due diligence requirements (generally relating to ownership by US persons of interests in or accounts with those entities) have been satisfied or an exemption from these rules applies. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "—Material US Federal Income Tax Consequences to Non-US Holders—Consequences of Holding and Disposing of New Alcoa Shares and New Alcoa CDIs—Distributions", the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Non-US holders are urged to consult their own tax advisors regarding how FATCA may apply to them as a result of the receipt of the Scheme Consideration and their ongoing ownership of New Alcoa Shares or New Alcoa CDIs.

THE PRECEDING DISCUSSION OF US FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT LEGAL OR TAX ADVICE. EACH HOLDER IS ENCOURAGED TO CONSULT ITS OWN TAX ADVISOR AS TO PARTICULAR TAX CONSEQUENCES RELATING TO THE SCHEME, INCLUDING THE APPLICABILITY AND EFFECT OF ANY US FEDERAL, STATE, LOCAL OR NON-US TAX LAWS.

SECTION

10

Comparison of laws

10.1 BACKGROUND

Alumina is a public company limited by shares and registered in Victoria under Australian law. Alumina Shares are listed on ASX. Alumina also has an ADS program, which is expected to be terminated in connection with the implementation of the Scheme (for information concerning the ADS program, refer to section 11.4).

Alcoa is incorporated under the laws of the State of Delaware in the United States of America. Alcoa Shares are listed on NYSE.

Alcoa's general corporate activities are regulated by the DGCL, United States federal securities laws (including SEC Rules), NYSE Listing Rules and the Alcoa Certificate of Incorporation and constituent documents, and, as such, if the Scheme is implemented, the rights of Alumina Shareholders in respect of New Alcoa CDIs will be primarily governed by those laws, regulations, listing rules and constituent documents.

In addition, Alcoa has applied for admission to the ASX official list as a Foreign Exempt Listing, subject to customary conditions and the Scheme becoming Effective. Once Alcoa is listed on ASX as a Foreign Exempt Listing, Alcoa will be exempt from complying with most of the ASX Listing Rules. However, Alcoa will be subject to some requirements of the ASX Listing Rules (see section 10.2 for more information).

A comparison of some of the material provisions of Australian law and Delaware law as they relate to Alumina and Alcoa respectively is set out in this section 10, along with a description of certain securities laws and stock exchange rules where applicable.

References to Australian law where they appear in this section 10 are references to the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and Australian common law, as applicable.

The terms of the Alcoa Certificate of Incorporation and the Alcoa Bylaws and Delaware law are more detailed than the general information provided below, which is qualified by reference to the documents themselves. As such, you are urged to read the full text of those constituent documents and relevant laws and should only rely on the actual provisions of such constituent documents and relevant laws. If you would like to read the Alcoa Certificate of Incorporation or the Alcoa Bylaws, these documents are filed with the SEC.

The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. You should seek your own independent professional legal advice if you require further information.

10.2 COMPARISON OF LAWS

	Alumina	Alcoa
Shareholder meetings *Requirement for annual general meetings; ability to call general meetings*	Under Australian law, the annual general meeting of Alumina is required to be held at least once in each calendar year, and within five months after the end of its financial year. A general meeting of Alumina Shareholders may be called in the following circumstances: • by the Alumina Board or individual Alumina Directors from time to time; • when requested to do so by Alumina Shareholders holding at least 5% of the votes that may be cast at the meeting, Alumina Directors must call a general meeting within 21 days after the request is given to Alumina, and the meeting must be held not later than two months after the request is given; or • alternatively, Alumina Shareholders holding at least 5% of the votes that may be cast at the meeting may themselves call, and arrange to hold, a general meeting of Alumina.	Alcoa is required by the NYSE Listing Rules to hold an annual stockholders' meeting during each fiscal year. Under the Alcoa Bylaws and Alcoa Certificate of Incorporation, special meetings of Alcoa Stockholders may be called only by or at the direction of: • the Chairman of the Alcoa Board or the Chief Executive Officer; or • by the Alcoa Board pursuant to a resolution adopted by a majority of the total number of directors which Alcoa would have if there were no vacancies; or • Alcoa's Secretary, upon a written request of Alcoa Stockholder(s) of record: – owning at least 25% of the outstanding shares of Alcoa capital stock entitled to vote generally in the election of directors; – who have owned the stock continuously for at least one year as of the record date fixed in accordance with the Alcoa Bylaws; and – who continue to own the required number of outstanding shares of Alcoa capital stock at all times between the record date and date of the applicable stockholder meeting. Under the DGCL, upon application by an Alcoa Director or an Alcoa Stockholder, the Delaware Court of Chancery may summarily order an annual meeting if there has been no annual meeting (and no action by written consent to elect directors) for 30 days after the date designated for the annual meeting, or if no date for an annual meeting has been designated, for 13 months after the latest of the corporation's incorporation or last annual meeting (or last action by written consent to elect directors).

	Alumina	Alcoa
Shareholder meetings *Notice of meeting*	As Alumina is listed on the ASX, a notice of general meeting of Alumina must be given at least 28 days before the date of meeting. Alumina is required to give notice only to Alumina Shareholders entitled to vote at the meeting, as well as Alumina Directors and Alumina's auditor(s).	The Alcoa Bylaws provide that written notice of a stockholders' meeting must be delivered not less than 10 days nor more than 60 days before the meeting to each Alcoa Stockholder entitled to vote at such meeting. The notice must state the place (if any), date and hour of meeting, the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote, and, in the case of a special meeting, must describe the purpose or purposes for which the meeting is called. Meetings may be held without notice if all Alcoa Stockholders entitled to vote are present, or if notice is waived by those not present. Any previously scheduled meeting may be postponed. Unless provided otherwise by the Alcoa Certificate of Incorporation, any special meeting may be cancelled, by resolution of the Alcoa Board upon public notice given prior to the previously scheduled meeting date.
Shareholder meetings *Quorum requirements*	The quorum for a meeting under the Alumina constitution is three Alumina Shareholders. If within 30 minutes after the time appointed for a meeting, a quorum is not present, the meeting is dissolved unless the Chair or the Alumina Directors adjourn the meeting to a date, time and place determined by them. If no quorum is present at any adjourned meeting within 30 minutes after the time for the meeting, the meeting is dissolved.	The Alcoa Bylaws provide that except as otherwise provided by law or the Alcoa Certificate of Incorporation, the holders of a majority of the voting stock of Alcoa are required to be present in person or represented by proxy at such meeting in order to constitute a quorum, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series constitute a quorum of such class or series. Whether or not there is a quorum, the Chairman of the Alcoa Board or the Chief Executive Officer may adjourn the meeting. No notice of the time, date and place (if any) of adjourned meetings need be given except as required by applicable law. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

	Alumina	Alcoa
Shareholder meetings *Voting requirements*	Unless the Corporations Act requires a special resolution, resolutions are passed by a simple majority of votes cast on the resolution. Under the Corporations Act, a special resolution may be passed by Alumina Shareholders if not less than 28 days' notice of a general meeting is given, specifying the intention to propose the special resolution and stating the resolution. In order to pass, a special resolution requires approval of at least 75% of the votes cast by shareholders entitled to vote. The Corporations Act requires certain matters to be resolved by a company by special resolution, including: • amendment to the company's constitution; • the change of name of the company; • a selective reduction of capital or selective share buy-back; • the conversion of ordinary shares into preference shares; and • a decision to wind up the company voluntarily. Each Alumina Share confers a right to vote at all general meetings. On a show of hands, each Alumina Shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, Alumina Shareholders present in person, or by their proxy, attorney or body corporate representative will have: • one vote for each fully paid Alumina Share held; and • a fraction of a vote for each partly paid Alumina Share held (equivalent to the same proportionate value as the proportion of the amount paid up or agreed to be considered as paid up on the total issue price of that Alumina Share at the time the poll is taken).	The Alcoa Certificate of Incorporation provides that, other than any voting powers that may be granted to the holders of Alcoa's preferred stock, if any, the holders of the outstanding Alcoa Shares have the right to vote on all matters, including the election of directors, to the exclusion of all other stockholders. Alcoa Stockholders do not have cumulative voting rights. The Alcoa Bylaws provide that, subject to the rights of preferred stockholders (if any), a nominee to the Alcoa Board must be elected by (i) in the case of an uncontested election, a majority, and (ii) in the case of a contested election, a plurality of the votes cast at any meeting for the election of directors at which a quorum is present. A "majority" means votes cast "for" a director's election must exceed 50% of the number of votes cast with respect to that director's election. "Votes cast" include directions to withhold authority and exclude abstentions. No Alcoa Stockholder is allowed to exercise cumulative voting for Alcoa Shares under the Alcoa Certificate of Incorporation. All matters other than the election of directors will be determined by the affirmative vote of a majority of the shares present in person or by proxy at the meeting and entitled to vote on the matter, except as otherwise specifically provided by law, the Alcoa Certificate of Incorporation, or the Alcoa Bylaws. See 'Takeovers – Takeover requirements' below for voting requirements related to transactions with interested stockholders.

	Alumina	Alcoa
Shareholder meetings *Shareholders' rights to bring a resolution before a meeting*	Under the Corporations Act, Alumina Shareholders holding at least 5% of the votes that may be cast at a general meeting may by written notice to Alumina propose a resolution for consideration at the next general meeting occurring more than two months after the date of the notice.	Under the Alcoa Bylaws, a stockholder of record, who is entitled to notice of and vote at the meeting and who complies with the notice procedures set forth in the Alcoa Bylaws and, in the case of director nominations other than Alcoa's nominees, the requirements of Rule 14a-19(a)(3) under the Exchange Act, must give timely written notice to Alcoa's Secretary to bring before an annual meeting any nomination or other proper matter for stockholder action (other than stockholder proposals properly brought under Rule 14a-8 promulgated under the Exchange Act and qualifying director nominations pursuant to a proxy access notice by eligible stockholders pursuant to the provisions in the Alcoa Bylaws regarding proxy access). To be timely, the stockholder's notice must be delivered to Alcoa's Secretary at the principal executive offices of Alcoa not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting. However, if the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the meeting date, the 10th day following the day on which public announcement of the date of such meeting is first made by Alcoa. Such notice must include the information required by the Alcoa Bylaws. In the event that the number of directors to be elected to the Alcoa Board is increased by the Alcoa Board, and there is no public announcement by Alcoa naming all of the nominees for director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice will be considered timely only with respect to nominees for any new positions created by such increase, and only with respect to a stockholder who had, prior to such increase in the size of the Alcoa Board, previously submitted on a timely basis a proper written stockholder notice, if it is delivered to the Secretary by the close of business on the 10th day following the day of the public announcement first made by Alcoa. For nominations of persons for election to the Alcoa Board to be properly made at a special meeting, the nominations must be: • specified in Alcoa's notice of meeting given by or at the direction of the Alcoa Board; • otherwise properly brought before the special meeting by or at the direction of the Alcoa Board; or

	Alumina	Alcoa
Shareholder meetings *Shareholders' rights to bring a resolution before a meeting continued*		• by any Alcoa Stockholder present in person who (i) is a stockholder of record at the time the relevant notice is given, on the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting and at the time of the annual meeting, (ii) is entitled to vote at the meeting, (iii) nominates a number of candidates that does not exceed the number of directors to be elected at such meeting and (iv) complies with the notice procedures set forth in the Alcoa Bylaws. In the event Alcoa calls a special meeting of Alcoa Stockholders for the purpose of electing one or more directors to the Alcoa Board, any such Alcoa Stockholder may nominate an individual or individuals (as the case may be) for election to such position(s) as specified in Alcoa's notice of meeting, if the Alcoa Stockholder's notice of such nomination is delivered to the Alcoa Secretary not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting, or if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Alcoa Board to be elected at such meeting. In addition, the Alcoa Bylaws permit an Alcoa Stockholder (or a group of no more than 20 Alcoa Stockholders) who has maintained continuous qualifying ownership of at least 3% of the aggregate voting power of shares of Alcoa eligible to vote for the election of directors for at least three years and has complied with the other requirements set forth in the Alcoa Bylaws, to submit director nominees for inclusion in Alcoa's proxy statement if the stockholder(s) and the nominee(s) satisfy the requirements set forth in the Alcoa Bylaws. To be timely, notice of director nominees submitted under the Alcoa Bylaws provisions must be delivered to the principal executive offices of Alcoa not less than 120 days or more than 150 days prior to the first anniversary of the date on which Alcoa commenced mailing its definitive proxy statement for the preceding year's annual meeting. Such notice must include the information required by the Alcoa Bylaws. The maximum aggregate number of nominees nominated by Alcoa Stockholders appearing in Alcoa's proxy statement will not exceed the greater of two or 20% of the number of directors in office as of the last day on which a proxy access notice may be delivered in accordance with the Alcoa Bylaws.
Directors *Directors' management of the business of the company*	Under the Alumina constitution, the business of Alumina is managed by the Alumina Directors. The Alumina Directors may exercise all the powers of the company except any powers that the Corporations Act or the Alumina constitution requires Alumina to exercise in a general meeting.	The Alcoa Bylaws provide that the business and affairs of Alcoa must be managed by or under the direction of the Alcoa Board. In addition to the powers and authorities by the Alcoa Bylaws expressly conferred upon them, the Alcoa Board may exercise all such powers of Alcoa and do all such lawful acts and things that are not required to be exercised or done by stockholders as per statute, the Alcoa Certificate of Incorporation, or the Alcoa Bylaws.

	Alumina	Alcoa
Directors *Number and election of directors*	Under the Alumina constitution, Alumina must have no less than three and no more than nine directors. The Directors may at any time, appoint any person as an Alumina Director, either to fill a casual vacancy or as an addition to the Alumina Board (provided that the total number of Alumina Directors does not at any time exceed the maximum number of directors described above). An Alumina Director may not hold office, without re-election: • for a period in excess of three years; or • past the third annual general meeting following the meeting at which the director was last elected or re-elected, whichever is the longer, without submitting for re-election by Alumina. Alumina's Managing Director is exempt from the election and re-election by rotation procedures under the Alumina constitution.	The Alcoa Certificate of Incorporation provides that the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the affirmative vote of a majority of the total number of directors that Alcoa would have if there were no vacancies. At each annual meeting of stockholders, directors will be elected to hold office for a one-year term expiring at the next annual meeting of stockholders, and until their respective successors have been duly elected and qualified or until their earlier death, resignation or removal. If any such election is not so held, such election must take place at a stockholders' meeting called and held in accordance with the DGCL. Subject to applicable law and the rights of the holders of preferred stock with respect to such series of preferred stock (if any), and unless the Alcoa Board otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorised number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Alcoa Board, or by a sole remaining director, and directors so chosen must hold office for a term expiring at the next annual meeting of stockholders and until such director's successor has been duly elected and qualified.
Directors *Removal of directors*	The Alumina Shareholders may remove an Alumina Director before their period of office ends by passing a resolution to do so, at a general meeting. The resolution must be passed by a majority of the votes cast by Alumina Shareholders present and voting. Under the Corporations Act, Alumina Directors cannot themselves remove an Alumina Director from office or require an Alumina Director to vacate their office.	Under the Alcoa Certificate of Incorporation, subject to the rights of holders of preferred stock, any director may be removed from office at any time with or without cause, at a meeting called for that purpose, by the affirmative vote of the holders of at least a majority of the voting power of all outstanding Alcoa Shares entitled to vote generally in the election of directors, voting together as a single class. In addition, under the DGCL, any or all members of the Alcoa Board may be removed, with or without cause, by the holders of a majority of shares entitled to vote in the election of directors.
Amendments to constituent documents	Any amendment to the Alumina constitution must be approved by a special resolution passed by Alumina Shareholders present and voting on the resolution. A special resolution requires approval of at least 75% of the votes cast by Alumina Shareholders entitled to vote.	Under the DGCL, unless the Alcoa Certificate of Incorporation requires a greater vote or otherwise specified in the DGCL, an amendment to the Alcoa Certificate of Incorporation requires: • a resolution of Alcoa Board; • the approval of a majority of the outstanding shares entitled to vote on the amendment; and • the approval of a majority of the outstanding shares of each class entitled to vote on the amendment as a class, if any. The Alcoa Certificate of Incorporation provides that it may be amended in the manner prescribed by the DGCL. Subject to Delaware law, the Alcoa Board has the power to adopt, amend, alter, change or repeal the Alcoa Bylaws. The Alcoa Bylaws may also be altered, amended or repealed, or new bylaws enacted, at any special meeting of stockholders duly called for that purpose (with notice of such purpose given in the notice of such special meeting) or at any annual meeting, by the affirmative vote of a majority of the voting stock.

	Alumina	Alcoa
Issue of new shares	Subject to specific exceptions, the ASX Listing Rules apply to restrict Alumina from issuing, or agreeing to issue, more equity securities (including shares and options), than the number calculated as follows in any 12 month period without the approval of Alumina Shareholders – 15% of the total of: • the number of Alumina Shares on issue 12 months before the date of the issue or agreement to issue; plus • the number of Alumina Shares issued in the 12 months under a specified exception; plus • the number of partly paid ordinary Alumina shares that became fully paid in the 12 months; plus • the number of Alumina Shares issued in the 12 months with Alumina Shareholder approval; less • the number of Alumina Shares cancelled in the 12 months; less the number of equity securities issued or agreed to be issued in the 12 months but not under a specified exception or with Alumina Shareholder approval. Subject to certain exceptions, the ASX Listing Rules require the approval of Alumina Shareholders by ordinary resolution in order for Alumina to issue shares or options to Alumina Directors. Under the Alumina constitution, the Alumina Directors may issue shares or grant options over unissued shares, subject to the Corporations Act, the ASX Listing Rules and any special rights conferred on the holders of any shares or class of shares.	Alcoa is currently authorised under the Alcoa Certificate of Incorporation to issue 850 million shares of capital stock, consisting of 750 million shares of common stock, par value US$0.01 per share, and 100 million shares of preferred stock, par value US$0.01 per share. The Alcoa Board may by resolution create and authorise the issuance of one or more series of preferred stock and, in connection with the creation of each such series, fix the designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of such series, including voting rights (if any), dividend rights, dissolution rights, conversion rights, exchange rights and redemption rights to the fullest extent now or hereafter permitted by the Alcoa Certificate of Incorporation and the laws of the State of Delaware. Under the NYSE Listing Rules, stockholder approval is required for certain significant issuances of securities, including issuances (in each case subject to certain exceptions): • in connection with new or materially amended equity compensation plans; • to a related party (including directors, officers, substantial security holders and their affiliates); or • in any transaction if the number of shares or voting power of common stock is, or will be upon issuance, equal to or in excess of 20% of the number of shares or voting power of common stock outstanding before the issuance of such common stock (or of securities convertible into or exercisable for common stock).
Share buy-backs and redemptions	Under the Corporations Act, different procedures apply to buy-backs of Alumina Shares depending on the type of buy-back. Generally, Alumina may buy-back its own shares if the buy-back does not materially prejudice its ability to pay creditors. Generally, if all shareholders are given an equal opportunity to have their shares bought back and the buy-back would result in Alumina, during the 12 month period prior to and including the buy-back, acquiring 10% or more of the smallest number of votes attaching to voting shares on issue in Alumina, then an ordinary resolution of Alumina Shareholders would be required. A selective buy-back, where not all shareholders are given an equal opportunity to access the buy-back, would require a special resolution of Alumina Shareholders whose shares are not being bought back. Alumina Shares that have been bought back must be cancelled.	Under the DGCL, Alcoa is permitted to buy-back its shares, provided that it does not impair Alcoa's capital and subject to certain other limitations.

	Alumina	Alcoa
Variation of class rights	Under the Corporations Act, rights attaching to any class of share in Alumina may only be varied: • by a special resolution passed at the meeting of the shareholders entitled to vote and holding shares in that class; or • with the written consent of shareholders with at least 75% of the votes in the class.	Under the DGCL, the holders of the outstanding shares of a class of stock of Alcoa are entitled to vote as a class upon any proposed amendment to the Alcoa Certificate of Incorporation that will: • increase or decrease the number of authorised shares of the class; • increase or decrease the par value of the shares of the class; or • alter or change the powers, preferences or special rights of the shares of the class so as to affect them adversely. Such a proposed amendment requires the approval of a majority of the outstanding shares of each class entitled to vote thereon.
Protection of minority shareholders and the oppression remedy	Under the Corporations Act, any Alumina Shareholder can bring an action in cases of conduct which is contrary to the interests of Alumina Shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any Alumina Shareholder(s), whether in their capacity as a shareholder or in any other capacity. Former Alumina Shareholders can also bring an action if it relates to the circumstances in which they ceased to be an Alumina Shareholder. A statutory derivative action may also be instituted by an Alumina Shareholder, a former Alumina Shareholder or person entitled to be registered as an Alumina Shareholder. In all cases, leave of the court is required. Such leave will be granted if the court is satisfied that: • it is probable that Alumina will not itself bring the proceedings or properly take responsibility for them or for the steps in them; • the applicant is acting in good faith; • it is in the best interests of Alumina that the applicant be granted leave; • if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and • either, at least 14 days before making the application, the applicant gave written notice to Alumina of the intention to apply for leave or the reasons for applying, or it is otherwise appropriate to grant leave.	Under Delaware law, in certain circumstances, an Alcoa Stockholder may be entitled to bring (i) a derivative action on behalf of Alcoa to enforce a right that Alcoa may properly assert and that Alcoa has failed to properly assert, or (ii) a direct claim for harm to such Alcoa Stockholder. Under the DGCL, an Alcoa Stockholder who wishes to bring a derivative action must meet certain requirements, including that such stockholder was an Alcoa Stockholder at the time of the transaction of which such stockholder complains or that such stockholder's shares thereafter devolved upon such stockholder by operation of law. In addition, an Alcoa Stockholder who wishes to bring a derivative action must make a demand on the Alcoa Board to assert the corporate claim, unless that demand would be futile.
Source and payment of dividends and distributions	Under the Corporations Act, Alumina must not pay a dividend unless: • Alumina's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; • the payment of the dividend is fair and reasonable to Alumina Shareholders as a whole; and • the payment of the dividend does not materially prejudice Alumina's ability to pay creditors. Subject to the Corporations Act, the Alumina constitution and the terms of issue or rights of any shares with special rights to dividends, the Alumina Directors may declare or determine that a dividend is payable, fix the amount and time for payment and authorise the method of payment of a dividend.	Under the Alcoa Bylaws, the Alcoa Board may from time to time declare, and Alcoa may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Alcoa Certificate of Incorporation. Under the DGCL, Alcoa may only pay dividends out of either surplus (as determined under the DGCL) or its net profits for the current and/or the immediately preceding fiscal year.

	Alumina	Alcoa
Remuneration of directors and officers	Under the ASX Listing Rules, the maximum amount to be paid to Alumina Directors for their services as directors (other than the salary of an executive director) is not to exceed the amount approved by Alumina Shareholders. As at the Last Practicable Date, the latest approval was at Alumina's 2023 annual general meeting, at which Alumina Shareholders had approved aggregate remuneration for all non-executive directors of A$1,700,000 per annum. Alumina's annual report includes a remuneration report within the director's report. This remuneration report is required to include a discussion of the Alumina Board's policy in relation to remuneration of key management personnel of Alumina. Under the Corporations Act, a listed company such as Alumina must put its remuneration report to a shareholder vote at its annual general meeting. If in two consecutive annual general meetings, 25% or more of the votes cast on the resolution vote against adopting the remuneration report, a 'spill resolution' must then be put to shareholders. A spill resolution is a resolution that a spill meeting be held and all directors (other than a managing director who is exempt from the requirement by rotation requirements) cease to hold office immediately before the end of the spill meeting. If the spill resolution is approved by the majority of votes cast on the resolution, a spill meeting must be held within 90 days at which directors wishing to remain must stand for re-election.	Under the DGCL, unless otherwise restricted by the Alcoa Certificate of Incorporation or the Alcoa Bylaws, the Alcoa Board has the authority to fix the compensation of directors. Under United States securities laws, Alcoa is required to disclose certain information about its policies and practices related to compensation for directors and executive officers. United States' publicly traded companies are also required to hold advisory (i.e. non-binding) shareholder votes on: • executive compensation ("say-on-pay votes") at least once every three years; and • the frequency of such say-on-pay votes at least once every six years, in order to allow shareholders to express their views on a company's compensation decisions. Alcoa currently holds the say-on-pay vote every year.
Retirement benefits	The Corporations Act provides that, in respect of termination benefits payable to a person holding a managerial or executive office in the company (including a director or member of key management personnel), shareholder approval is required if the total value of the benefits exceed one year of that person's base salary.	There is no limit on, or requirement of stockholder approval for, the payment of any termination or retirement benefits to directors and officers in the DGCL, the Alcoa Certificate of Incorporation or the Alcoa Bylaws, or the NYSE Listing Rules. Under United States securities laws, Alcoa is required to disclose certain information about its retirement and other post-employment compensation for Alcoa Directors and Alcoa Executive Officers.
Fiduciary duties of directors and officers	Under Australian law, the directors and officers of a company such as Alumina are subject to a range of duties including duties to: • act in good faith in the best interests of the company; • act for a proper purpose; • not fetter their discretion (in the case of directors only); • exercise care and diligence in the performance of their duties; • avoid conflicts of interest; • not use their position to gain advantage for themselves or someone else, or to cause detriment to the company; • not misuse information which they have gained through their position to gain advantage for themselves or someone else, or to cause detriment to the company; and • otherwise act in accordance with the Corporations Act and, subject to the provisions of the Corporations Act and Alumina's constitution.	Under Delaware law, Alcoa Directors owe fiduciary duties, including the duty of care and the duty of loyalty, to Alcoa and Alcoa Stockholders. The duty of care generally requires Alcoa Directors to inform themselves of all reasonably available information before making business decisions on behalf of Alcoa and to act with requisite care in discharging their duties to Alcoa. The duty of loyalty generally requires Alcoa Directors to act in good faith and in Alcoa's best interests instead of their personal interests, and avoid conflicts of interest and self-dealing.

	Alumina	Alcoa
Release from liability and indemnification of directors and officers	Under Australian law, Alumina cannot: • exempt an officer or auditor from liability to Alumina incurred in their capacity as an officer or auditor; • indemnify an officer or auditor against a liability owed to Alumina or a Related Body Corporate; and • indemnify an officer or auditor against the legal costs incurred in defending certain legal proceedings, including proceedings in which the person is found liable to Alumina or a Related Body Corporate. The Alumina constitution contains a provision requiring Alumina to indemnify each officer of Alumina, and if the Directors consider it appropriate, an officer of a wholly owned Subsidiary of Alumina, to the extent not precluded by law from doing so and to the extent they are not otherwise indemnified, out of the assets of Alumina against any liability incurred by the officer in, or arising out of, the conduct of the business of Alumina or the wholly owned Subsidiary or the discharge of duties of the officer.	The Alcoa Certificate of Incorporation provides that to the fullest extent permitted by the DGCL (a) the Alcoa Directors will under no circumstances have any personal liability to Alcoa or its stockholders for any monetary damages for breach of a fiduciary duty as an Alcoa Director. Any amendment, modification or repeal of the foregoing sentence must not adversely affect any right or protection of an Alcoa Director with respect to any act or omission occurring prior to the time of such amendment, modification or repeal. If the DGCL is amended to further eliminate or limit the liability of a director, then a director of Alcoa, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, will not be liable to the fullest extent permitted by the amended DCGL. In addition, the Alcoa Bylaws provide that Alcoa will indemnify to the fullest extent permitted by the DGCL, any person made, or threatened to be made a party, to any action, suit or proceeding by reason of the fact that such person was a director or officer of Alcoa or, while serving as a director or officer of Alcoa, is or was serving at the request of Alcoa as a director, officer, trustee, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by Alcoa. The Alcoa Bylaws further provide that Alcoa must indemnify any such covered person seeking indemnification in connection with a proceeding initiated by such covered person only if such proceeding (or part thereof) was authorised by the Alcoa Board. The Alcoa Bylaws also provide that, to the fullest extent permitted by the DGCL, each covered person has the right to be paid by Alcoa the expenses incurred in connection with any proceeding in advance of its final disposition, will reimburse or advance to any such person the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any such proceeding, upon receipt of a written undertaking by such person to repay such amount(s) if it is ultimately determined that such person is not entitled to be indemnified by Alcoa.

	Alumina	Alcoa
Transactions involving directors, officers or other related parties	The Corporations Act prohibits a public company such as Alumina from giving a related party a financial benefit unless it: • obtains the approval of shareholders and gives the benefit within 15 months after receipt of such approval; or • the financial benefit is exempt. A related party is defined by the Corporations Act to include any entity which controls the public company, directors of the public company, directors of any entity which controls the public company and, in each case, spouses and certain relatives of such persons. Exempt financial benefits include indemnities, insurance premiums and payments for legal costs which are not otherwise prohibited by the Corporations Act and benefits given on arm's length terms. The ASX Listing Rules prohibit a listed entity such as Alumina from acquiring a substantial asset (an asset the value or consideration for which is 5% or more of the entity's equity interests) from, or disposing of a substantial asset to, certain related parties of the entity, unless it obtains the approval of shareholders. The related parties include directors, persons who have or have had (in aggregate with any of their Associates) in the prior six month period an interest in 10% or more of the shares in the company and, in each case, any of their Associates. The provisions apply even where the transaction may be on arm's length terms. The ASX Listing Rules also prohibit a listed entity such as Alumina from issuing or agreeing to issue shares to a director unless it obtains the approval of shareholders or the share issue is exempt. Exempt share issues include issues made pro rata to all shareholders, under an underwriting agreement in relation to a pro rata issue, under certain dividend or distribution plans or under an approved employee incentive plan. The Corporations Act generally requires an Alumina Director who has a material personal interest in a matter that relates to the affairs of Alumina to give the other Alumina Directors notice of that interest. That Alumina Director must not be present at a meeting where the matter is being considered or vote on the matter unless the other Alumina Directors or ASIC approve, or the matter is not one which requires disclosure under the Corporations Act. Under the Corporations Act, failure of an Alumina Director to disclose a material personal interest, or voting despite a material personal interest, does not affect the validity of a contract in which the Alumina Director has an interest. Alumina Directors, when entering into transactions with Alumina, are subject to the common law and statutory duties to avoid conflicts of interest.	Under the DGCL, a contract or transaction between Alcoa and one or more of its directors or officers will not be void or voidable solely for this reason, or solely because a director or officer is present at or participates in the meeting of the Alcoa Board or a committee of the Alcoa Board which authorises the contract or transaction, or solely because any such director's or officer's votes are counted for such purpose, if: • material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Alcoa Board or such committee, and the Alcoa Board or such committee in good faith authorises the contract or transaction by a majority of the disinterested directors, even if the disinterested directors may be less than a quorum; • material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to Alcoa Stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of Alcoa Stockholders; or • the contract or transaction is fair as to Alcoa as of the time it is authorised, approved or ratified by the Alcoa Board, a committee of the Alcoa Board or the Alcoa Stockholders. In addition, under the DGCL, interested directors may be counted in determining the presence of a quorum at a meeting of the Alcoa Board or a committee of the Alcoa Board which authorises the contract or transaction. Under United States securities laws, Alcoa is required to disclose certain information about certain recent or proposed transactions in which: • the amount involved exceeds US$120,000; and • any related person (including any director, officer or beneficial owner of more than 5% of any class of voting securities of Alcoa) had or will have a direct or indirect material interest, including the name of the related person, the related person's interest in the transaction, the approximate dollar value of the amount involved in the transaction, the approximate dollar value of such interest and other material information. Alcoa is also required to disclose its policies and procedures for the review and approval of such transactions.

	Alumina	Alcoa
Disclosure obligations	Alumina is a 'disclosing entity' for the purposes of the Corporations Act and subject to the periodic and continuous disclosure requirements of the Corporations Act and the ASX Listing Rules. Broadly, these obligations include the requirement, subject to exceptions for certain confidential information, to notify ASX immediately of any information of which it becomes aware that a reasonable person would expect to have a material effect on the price or value of Alumina Shares. Alumina is also required to make announcements to the ASX on specified issues. Some of these announcements are required on a regular basis, including notifying ASX of proxy voting results at the annual general meeting, providing dividend details and providing copies of notices of meeting. Other one-off announcements are required depending upon a company's individual circumstances at a particular time. These obligations apply in addition to Alumina's continuous disclosure obligations. Alumina is also required to prepare and lodge with ASIC and ASX both yearly and half-yearly financial statements accompanied by a director's declaration and report, and a yearly audit report and half-yearly review report.	As outlined in section 7.4, Alcoa has applied for admission to the official list of ASX as a Foreign Exempt Listing, conditional on the Scheme being implemented. Once listed on ASX as a Foreign Exempt Listing, Alcoa will be exempt from complying with most of the ASX Listing Rules, including the Australian continuous disclosure regime set out in ASX Listing Rule 3.1. However, Alcoa must provide to ASX a copy of each public filing it makes with the SEC. Under United States securities laws, Alcoa is required to file with the SEC certain documents periodically or upon the occurrence of certain events, including: • annual reports on Form 10-K within 60 days after the fiscal year end, containing among other things, a description of the business, Alcoa's audited financial statements, management's discussion and analysis of financial condition and results of operation, material pending legal proceedings, and disclosures about certain material risks; • quarterly reports on Form 10-Q within 40 days after the end of each of the first three fiscal quarters, containing, among other things, Alcoa's unaudited financial statements, management's discussion and analysis of financial condition and results of operation, commencement or termination of material legal proceedings or material developments to previously disclosed material legal proceedings, and disclosures regarding certain material changes from previously disclosed risks; and • current reports on Form 8-K, upon the occurrence of certain specified significant events (generally within four business days of a specified event), which include, but are not limited to, entry into, material amendment to, or termination of, a material definitive agreement, bankruptcy proceedings, receipt of certain notices and orders under US mine safety laws, completion of an acquisition or disposition of a significant amount of assets, releases disclosing material non-public information regarding results of operations or financial condition, receipt of notice of delisting or failure to satisfy a continued listing rule or standard, changes in certifying accountants and non-reliance on previously issued financial statements, material modifications to rights of security holders, election of directors, appointment of principal officers, departures of directors or principal officers, amendments to articles of incorporation or bylaws, the results of stockholder votes, and any known changes in control. Under Section 204.00 of the NYSE Listed Company Manual, Alcoa must give prompt notice to the NYSE regarding certain significant actions and events, including corporate name changes, changes in the character or nature of Alcoa's business, change of auditors, fixing of stockholders' record dates or closing of transfer books for any purpose, any dividend actions or actions relating to stock distributions, material dispositions of assets, and changes of directors or officers.

	Alumina	Alcoa
Disclosure obligations continued		Alcoa is required to present its financial statements in accordance with U.S. GAAP. US public companies are permitted to provide non-U.S. GAAP financial measures so long as such measures are not misleading and are in compliance with applicable SEC rules and regulations, which include, but are not limited to, the requirement that a company must present the most directly comparable U.S. GAAP financial measure and provide a reconciliation of the non-U.S. GAAP financial measure to the most directly comparable U.S. GAAP financial measure. An Independent Registered Public Accounting Firm is required to conduct its audits of Alcoa annual financial statements in accordance with the standards of the PCAOB. The PCAOB standards require that auditors plan and perform their audits to obtain reasonable assurance about whether financial statements are free of material misstatement, whether due to error or fraud. The financial statements are the responsibility of Alcoa's management. The auditor is responsible for expressing an opinion on Alcoa's financial statements based on its audits. The objective of audits of financial statements by independent auditors under PCAOB standards is to express an opinion on the fairness with which the financial statements present, in all material respects, financial position, results of operations, and its cash flows in conformity with U.S. GAAP.
Disclosure of substantial shareholders	A person who obtains voting power of 5% or more in an ASX listed company is required to publicly disclose that fact within two business days via the filing of a substantial holding notice. A person's voting power consists of their own Relevant Interest in shares plus the Relevant Interests of their Associates. A further notice needs to be filed within two business days after each subsequent voting power change of 1% or more, and after the person ceases to have voting power of 5% or more. The notice must attach all documents which contributed to the voting power the person obtained, or provide a written description of arrangements which are not in writing.	A person who acquires, or a group of persons who acquire, directly or indirectly beneficial ownership of more than 5% of a voting class of a company's equity securities registered under section 12 of the Exchange Act is required to file a Schedule 13D with the SEC within 5 US business days after the acquisition. However, depending upon the facts and circumstances, including whether the person or group has acquired the security with no intent of influencing control of the issuer, the person or group of persons may be eligible to file the more abbreviated Schedule 13G in lieu of Schedule 13D. Any material changes in the facts contained in a Schedule 13D (including a material increase or decrease in the percentage of the class of equity securities that are beneficially owned by the person or group making the filing) requires disclosure within 2 US business days. Similarly (as a result of rule changes that must be complied with by 30 September 2024), any material change in the facts contained in a Schedule 13G requires an amendment within 45 days after the end of each calendar quarter-end in which the material change occurred.

	Alumina	Alcoa
Takeovers *Takeover requirements*	Australian law restricts a person from acquiring control of voting shares in Alumina where, as a result of the acquisition, that person's or someone else's voting power in Alumina increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. Exceptions to this restriction include: • an acquisition of no more than 3% of the voting shares in Alumina within a six month period; • an acquisition approved by an ordinary resolution (requiring more than 50% of votes cast) of Alumina Shareholders, but with no votes cast in favour by the person proposing to make the acquisition or their Associates; • an acquisition made under a takeover bid conducted in accordance with Australian law; or • an acquisition that results from a court-approved compromise or arrangement that requires approval by a majority in number and at least 75% of the votes cast by Alumina Shareholders in each class on which the arrangement will be binding. Takeover bids must treat all shareholders alike and must not involve any collateral benefits. Various restrictions about conditional offers exist and there are also restrictions concerning the withdrawal and suspension of offers. Alumina Shareholders may be required to sell their Alumina Shares: • under compulsory acquisition requirements, such as where a bidder has made a takeover offer for all shares in a class and the bidder acquires a Relevant Interest in at least 90% (by number) of shares in the class (having acquired at least 75% of the shares the bidder offered to acquire); or • pursuant to a court-approved compromise or arrangement.	Under the DGCL, if a person acquires 15% or more of Alcoa's voting shares (such person, an interested stockholder), then Alcoa may not engage in certain business combinations with such interested stockholder for the three years following the time the stockholder became an interested stockholder unless: • the Alcoa Board had approved either the business combination (as defined in the DGCL) or the transaction that resulted in the person becoming an interested stockholder; • upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of Alcoa's voting shares (with certain exceptions); or • the business combination is approved by the Alcoa Board and authorised at an annual or special meeting of stockholders (and not by written consent) by 2/3 of the outstanding voting shares not owned by the interested stockholder.
Takeovers *Takeover protections*	Under Australian takeovers legislation and policy, boards of Australian companies are limited in the additional non-statutory defensive mechanisms that they can put in place to discourage or defeat a takeover bid. Therefore, it is likely that the adoption of certain anti-takeover mechanisms by the Alumina Board, without shareholder approval, such as a shareholders' rights plan (or so-called 'poison pill'), would give rise to a declaration of unacceptable circumstances by the Australian Takeovers Panel if it discouraged or defeated a takeover bid.	Under Delaware law, there are a number of defensive mechanisms available to protect the corporation and its stockholders against hostile takeover bids. In particular, shareholder rights plans, which have been generally upheld by the Delaware courts, can protect a corporation and its stockholders from non-negotiated hostile takeover attempts made at unfair or inadequate prices or by coercive or unfair tactics. Certain provisions of the Alcoa Certificate of Incorporation and the Alcoa Bylaws may have the effect of restricting takeovers, such as provisions: • authorising the Alcoa Board to issue any series of preferred stock and to fix the designations, powers, preferences and rights thereof; • requiring advance notice of an Alcoa Stockholder's intention to nominate directors or submit proposals at an Alcoa Stockholders' meeting; and • prohibiting stockholders from acting by written consent unless such consent is unanimous.

	Alumina	Alcoa
Restrictions on transactions with significant shareholders	The ASX Listing Rules contain restrictions on listed companies, such as Alumina, acquiring or disposing of substantial assets from or to a substantial shareholder who, along with their associates, holds at least 10% of the company's voting securities (or has in the last six months), without disinterested shareholder approval. Substantial assets are assets that represent at least 5% of the company's equity interests (essentially 5% of its net asset value), as set out in the latest financial statements. Shareholder approval for such transactions requires a simple majority of votes cast by the company's ordinary shareholders, with parties to the transaction (and their Associates) not voting.	See 'Takeovers – Takeover requirements' above.
Right to inspect register of shareholders	Under Australian law, the register of shareholders of a company is usually kept at the registered office or principal place of business in Australia of the company, and must be available for inspection to shareholders free of charge at all times when the registered office is open to the public. If a person asks Alumina for a copy of the Alumina Share Register (or any part of the Alumina Share Register) and pays the requested fee (up to a prescribed amount), Alumina must give that person the copy within seven days of the date on which Alumina receives such payment.	Under the DGCL, for at least 10 days before any meeting of the Alcoa Stockholders, a complete list of the Alcoa Stockholders entitled to vote at such meeting must be made and be open to examination by any Alcoa Stockholder for any purpose germane to such meeting for a period of 10 days ending on the day before the meeting date.
Right to inspect corporate books and records	Under the Corporations Act, a shareholder must obtain a court order to obtain access to a company's corporate books. The applicant must be acting in good faith and be making the inspection for a proper purpose.	The Alcoa Certificate of Incorporation and the Alcoa Bylaws are on file with the SEC. Under the DGCL, upon written demand under oath stating the purpose thereof, each Alcoa Stockholder has the right during usual business hours to inspect for any proper purpose Alcoa's stock ledger, stockholder list and certain books and records, and to make copies and extracts from those documents. If Alcoa refuses to permit such inspection or does not reply to the stockholder's written demand within 5 US business days, the relevant Alcoa Stockholder may apply to the Delaware Court of Chancery for an order to compel inspection.

	Alumina	Alcoa
Winding up	Under Australian law, an insolvent company may be wound up by a liquidator appointed either by creditors or by the court. Directors cannot use their powers after a liquidator has been appointed. If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors as a dividend. These shareholders rank behind the creditors and are, therefore, unlikely to receive any dividend in an insolvent liquidation. Under Australian law, shareholders of a solvent company may decide to wind up the company if the directors are able to form the view that the company will be able to pay its debts in full within 12 months after the commencement of the winding up. A meeting at which a decision is made to wind up a solvent company requires at least 75% of votes cast by the shareholders present and voting. The Alumina constitution provides that on winding up, the liquidator may divide among all or any of the contributories as the liquidator thinks fit in specie or kind any part of Alumina's assets. Any division may be otherwise than in accordance with the legal rights of the contributories, but if any such division is determined, any contributory who would be prejudiced has a right to dissent and ancillary rights as if the determination was a special resolution under the Corporations Act relating to the sale or transfer of the company's assets by a liquidator in a voluntary winding up.	Under the DGCL, Alcoa may be dissolved if: • a majority of the Alcoa Board adopts a resolution to approve dissolution at a board meeting called for that purpose and thereafter notice of a stockholder meeting to take action on the matter is given to each Alcoa Stockholder entitled to vote thereon; • a majority of outstanding shares entitled to vote on the matter votes for the proposed dissolution at the stockholders' meeting called for that purpose; and • a certification of dissolution is thereafter filed with the Delaware Secretary of State. The DGCL also permits Alcoa Stockholders to authorise the dissolution of Alcoa without board action if all of the Alcoa Stockholders entitled to vote on the matter provide written consent to dissolution and a certificate of dissolution is filed with the Delaware Secretary of State.

SECTION

11

Additional information

11.1 INTERESTS OF ALUMINA DIRECTORS

As at the Last Practicable Date, the Alumina Directors have the following Relevant Interests in Alumina Shares:

Alumina Director	Number of Alumina Shares
W Peter Day	148,770
Mike Ferraro	1,678,832
Chen Zeng	4,804
Deborah O'Toole	70,000
John A Bevan	300,154
Shirley In't Veld	152,563
Alistair Field	0

No Alumina Director acquired or disposed of a Relevant Interest in any Alumina Shares during the four months before the date of this Scheme Booklet. In addition to his shareholding above, Mike Ferraro holds:

- 620,600 Conditional Rights granted on 10 January 2024;
- 115,395 Conditional Rights (relating to Tranche 23) that have vested but the Alumina Shares have not been transferred; and
- 1,599,400 ESP Entitlements (in the form of performance rights).

11.2 BENEFITS AND AGREEMENTS

(a) Interests of Alumina Directors in Alcoa securities

No Alumina Director has a Relevant Interest in any securities in Alcoa. No Alumina Director has acquired or disposed of a Relevant Interest in any securities in Alcoa during the four months before the date of this Scheme Booklet.

(b) Interests of Alumina Directors in contracts with Alcoa

No Alumina Director has any interest in any contract entered into by Alcoa, or any of its related bodies corporate.

(c) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Alumina (or any of its Related Bodies Corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in Alumina (or any of its Related Bodies Corporate) in connection with, or that is materially affected by, implementation of the Scheme.

(d) Benefits from Alcoa

No Alumina Director has agreed to receive, or is entitled to receive, any benefit from Alcoa, or any of its Related Bodies Corporate, which is conditional on, or is related to, the Scheme. Alcoa will, on or before the Implementation Date, invite two existing Alumina Directors (who have not yet been identified as at the date of this Scheme Booklet) who are Australian residents or citizens to join the Alcoa Board.

(e) Agreements connected with or conditional on the Scheme

Other than as disclosed in section 3.6 and 11.2(f), there are no agreements or arrangements made between any Alumina Director and any other person in connection with, or conditional on, the outcome of the Scheme.

(f) Employee arrangements

Mr Mike Ferraro will be entitled to certain benefits in connection with the implementation of the Scheme and otherwise in connection with the Transaction. These are:

- Where a change of control event occurs in relation to Alumina, the performance conditions for unvested ESP Entitlements will be automatically waived and the ESP Entitlements will therefore vest unless the Board determines otherwise. The Board may also shorten the exercise period for ESP Entitlements that vest or have already vested. The Board presently intends to exercise its discretion such that all of Mr Ferraro's ESP Entitlements vest and are exercised on a change of control. The Board may at its option pay the value of the ESP Entitlements in cash. The benefit of the ESP Entitlements is A$3,038,860 based on the value of Alumina Shares at the close of trading on the Last Practicable Date.
- The Conditional Rights where, under the terms of the grant, all restrictions on transferring shares to holders of Conditional Rights and dealing in the shares transferred will lapse on a change of control. The Board may at its option pay the value of the Conditional Rights in cash. The benefit of the Conditional Rights is A$1,398,391 based on the value of Alumina Shares at the close of trading on the Last Practicable Date.

On ceasing to be CEO, Mr Ferraro will be entitled to his contractual termination benefits and may be entitled to statutory redundancy.

Further detail is set out in Alumina's remuneration report (which is included in Alumina's Annual Financial Report) for the year ended 31 December 2023.

For all other employees, the Board intends to waive the performance conditions for unvested ESP Entitlements and shorten the exercise period for all ESP Entitlements. Further, under the terms of the grant, all restrictions on transferring shares to holders of Conditional Rights and dealing in the shares transferred will lapse on a change of control. The Board may at its option pay the value of the ESP Entitlements and the Conditional Rights in cash. Retention and bonus payments aggregating up to A$2,995,104 for certain employees have been agreed, assuming the Scheme is implemented on 1 August 2024. The Board reserves the right to make other payments or grant other benefits where it considers it necessary in the interests of Alumina and the completion of the Transaction.

11.3 INDEPENDENT EXPERT

The Independent Expert has prepared the Independent Expert's Report set out in Annexure A advising as to whether, in its opinion, the Scheme is in the best interests of Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and is therefore in the best interests of Alumina Shareholders in the absence of superior proposal.

11.4 ALUMINA ADSS

Alumina currently has an American Depositary Share (**ADS**) program. Alumina ADSs may be evidenced by American Depositary Receipts (**ADRs**) or may be uncertificated with each Alumina ADS representing four Alumina Shares. Alumina ADSs are traded in the United States.

Alumina ADS Holders will not be requested to submit voting instructions in respect of their ADSs. However, the ADS Deposit Agreement requires the ADS Depositary to attempt to carry out any voting instructions it receives from registered holders of Alumina ADSs by the voting cutoff date established by the ADS Depositary. Any Alumina ADS Holder who wishes to vote as an Alumina Shareholder must become an Alumina Shareholder by the applicable date and vote in that capacity.

If you are an Alumina ADS Holder and you wish to vote or attend the Scheme Meeting as an Alumina Shareholder, you must take steps to present your Alumina ADSs (and, to the extent that such Alumina ADSs are certificated, the ADRs evidencing such Alumina ADSs) to the ADS Depositary for cancellation (subject to any restrictions on cancellation or withdrawal, or on the receipt of Alumina Shares, which the ADS Depositary may impose from time to time), together with payment of the ADS Depositary's fee and delivery instructions for the Alumina Shares represented by such Alumina ADSs (including, if applicable, the name and address of the person who will be the registered holder of such Alumina Shares), with sufficient time to be registered as a holder of Alumina Shares on the register at the applicable record date.

If you are an Alumina ADS Holder and you hold your Alumina ADSs in a brokerage, bank, custodian or other securities account, you should promptly contact your broker, bank, custodian or other securities intermediary to find out what actions are required to instruct your broker, bank or other intermediary to cancel the Alumina ADSs on your behalf. Alumina ADS Holders who present their Alumina ADSs to the ADS Depositary for cancellation prior to implementation of the Scheme will be responsible for the payment of the ADS Depositary's fees associated with such cancellation.

Any Alumina ADS Holder may appear at the Second Court Hearing, currently expected to be held at 2.15pm (AEST) on Monday, 22 July 2024.

It is expected that Alumina ADS Holders will not be permitted to cancel their Alumina ADSs from the close of business (Eastern Time) on a date prior to the Scheme Record Date, to be announced by the ADS Depositary, and that the last time for dealings in Alumina ADSs will be close of business (Eastern Time) on a date on or about the Effective Date, to be announced by the ADS Depositary.

If the Scheme is implemented, all Alumina Shares, including those underlying Alumina ADSs will automatically be transferred to Alcoa Bidder in exchange for the Scheme Consideration. In connection with these arrangements, the ADS Depositary will receive, in respect of the Alumina Shares represented by Alumina ADSs, New Alcoa Shares. As a result, in connection with the implementation of the Scheme, the ADS Depositary will deliver New Alcoa Shares directly to Alumina ADS Holders, in proportion to the number of Alumina ADSs held by them upon surrenders by them of their Alumina ADSs (subject to the payment of any applicable fees under the terms of the ADS Deposit Agreement). Alumina ADS Holders holding Alumina ADSs in accounts with banks, brokers, nominees or other securities intermediaries will have New Alcoa Shares credited to their accounts without having to take any action. Alumina ADS Holders holding Alumina ADSs in uncertificated form as registered holders on the ADS Depositary's books will be deemed to have surrendered their Alumina ADSs on the Implementation Date and will have uncertificated New Alcoa Shares registered in their names without having to take any action. Alumina ADS Holders holding Alumina ADSs in certificated form (that is, evidenced by ADRs) as registered holders on the ADS Depositary's books will receive from the ADS Depositary a letter of transmittal form, which must be signed and returned together with the ADRs evidencing the relevant Alumina ADSs to the ADS Depositary, which will cause New Alcoa Share in uncertificated form to be registered in their names.

As part of these arrangements, Alumina will instruct the ADS Depositary to terminate the Alumina ADS program as soon as practicable following implementation of the Scheme. Alumina ADS Holders will receive notice of termination from the ADS Depositary, and the termination will be effective as of the termination date specified in the notice or the date on which no Alumina ADSs remain outstanding, whichever is earlier. All fees owing in connection with the termination of the ADS Deposit Agreement, including the cancellation fees, will be borne by Alumina ADS Holders in accordance with the terms of the ADS Deposit Agreement.

11.5 ADDITIONAL INFORMATION FOR US ALUMINA SHAREHOLDERS AND ALUMINA ADS HOLDERS

The Scheme relates to the shares of a company registered in Victoria under Australian law and is a scheme of arrangement provided for under the Corporations Act. The New Alcoa Shares, the New Alcoa Preferred Shares and New Alcoa CDIs to be issued in connection with the Scheme to Alumina Shareholders (or where applicable, the Sale Agent) have not been, and will not be, registered under the Securities Act or United States state securities laws and are being issued in reliance on the exemption from the registration requirements provided by Section 3(a)(10) of the Securities Act on the basis of the approval of the Court. Section 3(a)(10) of the Securities Act exempts securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the fairness of the terms and conditions of the issuance and exchange of the securities have been approved by any court or authorised governmental entity, after a hearing upon the fairness of the terms and conditions of the exchange at which all persons to whom securities will be issued have the right to appear and to whom adequate notice of the hearing has been given.

If the Court approves the Scheme on the basis discussed elsewhere in this Scheme Booklet, its approval will constitute the basis for the New Alcoa Shares, New Alcoa Preferred Shares and New Alcoa CDIs to be issued without registration under the Securities Act in reliance on the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act.

The New Alcoa Shares, New Alcoa Preferred Shares and New Alcoa CDIs should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and persons who receive securities under the Scheme (other than "affiliates" as defined under the Securities Act) may resell them without restriction under the Securities Act.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the Securities Act) of Alcoa may not resell the New Alcoa Shares or New Alcoa Preferred Shares received under the Scheme without registration under the Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company typically include certain officers and directors, significant shareholders and others who have the ability to significantly influence or control a company. Alumina Shareholders and Alumina ADS Holders who believe they may be or become affiliates for the purposes of the Securities Act should consult their own legal advisers before any resale of New Alcoa Shares, New Alcoa CDIs or New Alcoa Preferred Shares received under the Scheme.

None of the SEC, any state securities commission in the United States or any other US regulatory authority has passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense in the United States.

11.6 FOREIGN DISCLAIMERS

No action has been taken to register or qualify the New Alcoa CDIs or otherwise permit a public offer of such securities in any jurisdiction outside Australia.

Based on the information available, Alumina Shareholders whose Registered Addresses as being in the following jurisdictions will be entitled to receive this Scheme Booklet and have New Alcoa CDIs issued to them under the Scheme subject to any qualifications set out below in respect of that jurisdiction:

- Australia;
- British Virgin Islands;
- Canada;
- European Union (excluding Austria and France), where (i) Alumina Shareholders are a "qualified investor" (as defined in Article 2(e) of the Prospectus Regulation) or (ii) the number of other Alumina Shareholders is less than 150 per European Union member state;
- Hong Kong;
- New Zealand;
- Norway, where (i) Alumina Shareholders are "professional clients" or (ii) the number of non-professional clients is less than 150;
- Singapore;
- Switzerland;
- United Arab Emirates, to all Alumina Shareholders outside the financial zones and to less than 50 persons who are Alumina Shareholders in each of the Abu Dhabi Global Market and Dubai International Financial Centre;
- United Kingdom;
- United States; and
- any other person or jurisdiction in respect of which Alumina reasonably believes that it is not prohibited and not unduly onerous or impractical to issue New Alcoa CDIs to a Alumina Shareholder with a registered address in such jurisdiction.

Nominees and custodians who hold Alumina Shares on behalf of a beneficial owner resident outside Australia, British Virgin Islands, Canada, Hong Kong, New Zealand, Singapore, Switzerland, United Arab Emirates (excluding financial zones), United Kingdom and the United States may not forward this Scheme Booklet (or any accompanying document) to anyone outside these countries without the consent of Alumina, except nominees and custodians may forward this Scheme Booklet to any beneficial shareholder in the European Union (excluding Austria) and Norway who is a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union) or any beneficial holder in Norway who is a "professional client" as defined in the Norwegian Securities Trading Act of 29 June 2007 no. 75.

(a) British Virgin Islands

The New Alcoa CDIs may not be offered in the British Virgin Islands unless Alcoa or the person offering the New Alcoa CDIs on its behalf is licensed to carry on business in the British Virgin Islands. Given they will not be so licensed, the New Alcoa CDIs may be offered only to existing Alumina Shareholders in the British Virgin Islands from outside the British Virgin Islands.

(b) Canada

The New Alcoa CDIs will be issued by Alcoa in reliance upon exemptions from the prospectus and registration requirements of the applicable Canadian securities law in each province and territory of Canada.

No securities commission in Canada has reviewed or in any way passed upon this document or the merits of the Scheme.

(c) European Union (excluding Austria and France)

This Scheme Booklet is not a prospectus under Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**). Therefore, this Scheme Booklet has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Scheme Booklet may not be made available, nor may the New Alcoa CDIs be offered for sale or exchange, in the European Union except in circumstances that do not require the obligation to publish a prospectus under the Prospectus Regulation.

In accordance with Article 1(4) of the Prospectus Regulation, an offer of New Alcoa CDIs in each member state of the European Union is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 other natural or legal persons; and
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

(d) Hong Kong

WARNING: The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are "professional investors" (as defined in the Securities and Futures Ordinance and any rules made thereunder) or in other circumstances that do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This Scheme Booklet is for the exclusive use of such Alumina Shareholders and professional investors in connection with the Scheme. No steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Scheme by Alumina Shareholders who are professional investors or are part of the limited persons in Hong Kong referred to the paragraph directly above.

(e) New Zealand

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law. The offer of New Alcoa CDIs under the Scheme is being made to existing shareholders of Alumina in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

(f) Norway

This Scheme Booklet has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75, as amended.

Accordingly, this Scheme Booklet shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act.

The New Alcoa CDIs may not be offered or sold in Norway except:

- to "professional clients" (as defined in the Norwegian Securities Trading Act);
- to fewer than 150 non-professional clients; or
- in any other circumstances provided that such offer of securities does not result in a requirement for the registration or the publication of a prospectus pursuant to the Norwegian Securities Trading Act.

(g) Singapore

This Scheme Booklet and any other document relating to the Scheme have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Scheme is not regulated by any financial supervisory authority in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act 2001 (the **SFA**) will not apply.

This Scheme Booklet and any other document relating to the Scheme may not be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part 13 of the SFA, including the exemption under section 273(1)(c) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to New Alcoa CDIs being subsequently offered for sale to any other party in Singapore. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Scheme Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person. Any investment referred to in this Scheme Booklet may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment.

Neither Alumina nor Alcoa is in the business of dealing in securities or holds itself out, or purports to hold itself out, to be doing so. As such, Alumina and Alcoa are neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

(h) Switzerland

The New Alcoa CDIs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Scheme Booklet nor any other offering material relating to the New Alcoa CDIs constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (FinSA) or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this Scheme Booklet nor any other offering material relating to the New Alcoa CDIs may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Scheme Booklet nor any other offering material relating to the New Alcoa CDIs have been, or will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this Scheme Booklet will not be filed with, and the offer of New Alcoa CDIs will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Scheme Booklet may be distributed in Switzerland only to existing shareholders of Alumina and is not for general circulation in Switzerland.

(i) United Arab Emirates

This Scheme Booklet does not constitute a public offer of securities in the United Arab Emirates (**UAE**) and the New Alcoa CDIs may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this Scheme Booklet nor the New Alcoa CDIs have been approved by the Securities and Commodities Authority or any other authority in the UAE.

This Scheme Booklet may be distributed in the UAE only to existing shareholders of Alumina and may not be provided to any person other than the original recipient. Information about the Scheme may be found in this Scheme Booklet, which is available on Alumina's website. If a recipient of this Scheme Booklet ceases to be a shareholder of Alumina at the time of subscription, then such person should discard this Scheme Booklet and may not participate in the Scheme.

No marketing of the New Alcoa CDIs has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market).

In the Abu Dhabi Global Market and the Dubai International Financial Centre, the New Alcoa CDIs may be offered, and this Scheme Booklet may be distributed, only to existing shareholders of Alumina as an "Exempt Scheme", as defined and in compliance with the market rules issued by the regulatory authorities in these financial zones. No regulatory authority has approved this Scheme Booklet nor taken any steps to verify the information set out in it.

(j) United Kingdom

Neither this Scheme Booklet nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Alcoa CDIs.

This Scheme Booklet does not constitute an offer of transferable securities to the public within the meaning of the UK Prospectus Regulation or the FSMA. Accordingly, this Scheme Booklet does not constitute a prospectus for the purposes of the UK Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Alcoa CDIs has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to Alumina or Alcoa.

In the United Kingdom, this Scheme Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Scheme Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Scheme Booklet.

(k) United States

The New Alcoa CDIs, the New Alcoa Shares and the New Alcoa Preferred Shares to be issued pursuant to the Scheme have not been, and will not be, registered under the US Securities Act or the securities laws of any US state or other jurisdiction.

Alumina and Alcoa intend to rely on an exemption from the registration requirements of the US Securities Act of 1933 provided by Section 3(a)(10) thereof in connection with the consummation of the Scheme and the issuance of New Alcoa CDIs, New Alcoa Shares and New Alcoa Preferred Shares. Approval of the Scheme by an Australian court will be relied upon by Alumina and Alcoa for purposes of qualifying for the Section 3(a)(10) exemption.

US shareholders of Alumina should note that the Scheme is made in accordance with the laws of Australia and the ASX Listing Rules. The Scheme is subject to disclosure requirements of Australia that are different from those of the United States.

This Scheme Booklet has not been filed with or reviewed by the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of this Scheme Booklet. Any representation to the contrary is a criminal offence.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws against Alumina since Alumina is located in Australia and most of its officers and directors reside outside the United States. You may not be able to sue Alumina or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel Alumina and its affiliates to subject themselves to a US court's judgment.

11.7 CONSENTS

The following parties have given and have not withdrawn, before the registration of this Scheme Booklet by ASIC, their written consent to be named in this Scheme Booklet in the form and context in which they are named:

- King & Wood Mallesons as Australian legal adviser to Alumina;
- Merrill Lynch Markets (Australia) Pty. Limited (ABN 88 075 587 816) and Flagstaff Partners Pty Ltd (ABN 52 132 820 985) each as financial adviser to Alumina;
- Grant Samuel & Associates Pty Limited (ACN 050 036 372) as Independent Expert;
- SLR Consulting Limited as technical specialist appointed to review the bauxite mining operations of AWAC for the Independent Expert;
- PricewaterhouseCoopers Securities Ltd (ACN 003 311 617) as Investigating Accountant;
- PricewaterhouseCoopers (ABN 52 780 433 757) as auditor of Alumina;
- PricewaterhouseCoopers LLP as auditor of Alcoa;
- Computershare Investor Services Pty Limited as Alumina's Registry;
- Alcoa Bidder; and
- Alcoa.

The Independent Expert has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

The Investigating Accountant has also given and has not withdrawn, before the time of registration of this Scheme Booklet with ASIC, its written consent to the inclusion of its Independent Limited Assurance Report in this Scheme Booklet in the form and context in which it is included and to all references in this Scheme Booklet to that report in the form and context in which they appear.

Alcoa has also given and has not withdrawn, before the time of registration of this Scheme Booklet by ASIC, its written consent to the inclusion of the Alcoa Information in the form and context in which it is included and to all references in this Scheme Booklet to the Alcoa Information in the form and context in which they appear.

11.8 DISCLAIMERS

None of the persons referred to in section 11.7 have authorised or caused the issue of this Scheme Booklet and do not make or purport to make any statement in this Scheme Booklet other than:

- Alcoa in respect of the Alcoa Information;
- Grant Samuel & Associates Pty Limited in respect of the Independent Expert's Report; and
- PricewaterhouseCoopers Securities Ltd (ACN 003 311 617) in respect of the Independent Limited Assurance Report.

To the maximum extent permitted by law, each person referred to in section 11.7 disclaims all liability in respect of, makes no representation regarding and takes no responsibility for, any part of this Scheme Booklet other than as described in this section with that person's consent.

The Alcoa Information has been prepared by and is the responsibility of Alcoa. Alumina does not assume responsibility for the accuracy or completeness of the Alcoa Information.

11.9 FEES

Each of the persons named in section 11.7 as performing a function in a professional, advisory or other capacity in connection with the Scheme and/or the preparation of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, Alumina estimates that it will incur between approximately US$25 million and US$40 million (excluding GST) in external transaction costs relating to the Scheme, which includes:

- fees and expenses for professional services paid or payable to the persons listed in section 11.7; and
- other fees and expenses associated with the Court proceedings, Scheme Booklet design, printing and distribution, convening and holding the Scheme Meeting and other general and administrative expenses.

If the Scheme is not implemented, Alumina expects to pay between an aggregate of approximately US$8 million and US$11 million (excluding GST) in transaction costs, being costs that have already been incurred as at the Last Practicable Date or that will be incurred even if the Scheme is not implemented (but excluding any break fee that may be payable).

11.10 REGULATORY RELIEF AND WAIVERS

Alumina has applied for, and ASX has granted confirmations and waivers in relation to the following Listing Rules:

- confirmation under Listing Rule 15.1.3 that ASX does not object to the draft Scheme Booklet; and
- a waiver from ASX Listing Rule 6.23 to enable treatment of the Employee Share Rights as described in section 11.2.

Alumina has also applied for customary relief for disclosure in this Scheme Booklet from the requirement under paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations in relation to payments to directors and officers.

11.11 INFORMATION IN RELATION TO ALCOA'S RESOURCES AND RESERVES REPORTING

Alcoa prepares its resources and reserves estimates in accordance with Subpart 1300, which is different to the reporting standard ordinarily applicable to ASX listed entities (i.e. the JORC Code).

(a) Cautionary statement regarding Foreign Estimates

Alcoa's disclosures of Foreign Estimates are not reported in accordance with the JORC Code. The technical information contained in this Scheme Booklet relating to Alcoa's mining projects has been prepared in accordance with Subpart 1300.

A competent person has not done sufficient work to classify the Foreign Estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the Foreign Estimates would be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.

If the Scheme is implemented, Alumina will apply to be delisted from the Official List of the ASX and Alcoa has applied for admission to the Official List of the ASX as a Foreign Exempt Listing. If admitted as a Foreign Exempt Listing, Alcoa will be exempt from complying with ASX Listing Rule 5.12 and will instead continue to comply with Subpart 1300 in respect of resources and reserves reporting. As such, Alcoa has no intention to present the Foreign Estimates in accordance with the JORC Code, or otherwise to verify them for this purpose.

Alcoa's mineral reserves and mineral resources are reported on an attributable basis and the mineral resources are exclusive of reserves.

See the disclosures required by ASX Listing Rule 5.12 in section 6.2(i).

A comparison of the differences in resource categorisation under the JORC Code and Subpart 1300 is set out in section 11.11(b).

Please see section 11.11(c) for more information.

(b) Comparison of key terms used in JORC Code and Subpart 1300

As Subpart 1300 will be the primary reporting standard used by the Combined Group following implementation of the Scheme, the below table reflects excerpts of relevant key terms from the JORC Code and Subpart 1300.

All references to a clause in the "JORC Code" column are references to the JORC Code. All references to a section or item in the "Subpart 1300" column are references to Subpart 229.1300 of the Securities Act of 1993 (US), Regulation S-K. This table is not intended to be a fulsome summary of the requirements under each of the JORC Code and Subpart 1300.

Key Term	JORC Code	Subpart 1300
Mineral Resources		
Definition of 'Mineral Resource'	**Clause 20** A concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.	**Section 229.1300** A concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade or quality, and quantity that there are reasonable prospects for economic extraction. A mineral resource is a reasonable estimate of mineralisation, taking into account relevant factors such as cut-off grade, likely mining dimensions, location or continuity, that, with the assumed and justifiable technical and economic conditions, is likely to, in whole or in part, become economically extractable. It is not merely an inventory of all mineralisation drilled or sampled.
Definition of 'Inferred Mineral Resource'	**Clause 21** That part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.	**Section 229.1300** That part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. The level of geological uncertainty associated with an inferred mineral resource is too high to apply relevant technical and economic factors likely to influence the prospects of economic extraction in a manner useful for evaluation of economic viability. Because an inferred mineral resource has the lowest level of geological confidence of all mineral resources, which prevents the application of the modifying factors in a manner useful for evaluation of economic viability, an inferred mineral resource may not be considered when assessing the economic viability of a mining project, and may not be converted to a mineral reserve.

Key Term	JORC Code	Subpart 1300
Definition of 'Indicated Mineral Resource'	**Clause 22** That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.	**Section 229.1300** That part of a mineral resource for which quantity and grade or quality are estimated on the basis of adequate geological evidence and sampling. The level of geological certainty associated with an indicated mineral resource is sufficient to allow a qualified person to apply modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Because an indicated mineral resource has a lower level of confidence than the level of confidence of a measured mineral resource, an indicated mineral resource may only be converted to a probable mineral reserve.
Definition of 'Measured Mineral Resource'	**Clause 23** That part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.	**Section 229.1300** That part of a mineral resource for which quantity and grade or quality are estimated on the basis of conclusive geological evidence and sampling. The level of geological certainty associated with a measured mineral resource is sufficient to allow a qualified person to apply modifying factors, as defined in this section, in sufficient detail to support detailed mine planning and final evaluation of the economic viability of the deposit. Because a measured mineral resource has a higher level of confidence than the level of confidence of either an indicated mineral resource or an inferred mineral resource, a measured mineral resource may be converted to a proven mineral reserve or to a probable mineral reserve.

Key Term	JORC Code	Subpart 1300
Ore Reserves[62]		
Definition of 'Ore Reserve' (or 'Mineral reserve', under Subpart 1300)	**Clause 29** The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.	**Section 229.1300** An estimate of tonnage and grade or quality of indicated and measured mineral resources that, in the opinion of the qualified person, can be the basis of an economically viable project. More specifically, it is the economically mineable part of a measured or indicated mineral resource, which includes diluting materials and allowances for losses that may occur when the material is mined or extracted.
Definition of a 'Probable Ore Reserve'	**Clause 30** The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.	**Section 229.1300** The economically mineable part of an indicated and, in some cases, a measured mineral resource.
Definition of a 'Proved Ore Reserve'	**Clause 31** The economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors.	**Section 229.1300** The economically mineable part of a measured mineral resource and can only result from conversion of a measured mineral resource.
Other definitions/concepts		
Modifying Factors	**Clause 12** Considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.	**Section 229.1300** Modifying factors are the factors that a qualified person must apply to indicated and measured mineral resources and then evaluate in order to establish the economic viability of mineral reserves. A qualified person must apply and evaluate modifying factors to convert measured and indicated mineral resources to proven and probable mineral reserves. These factors include, but are not restricted to: mining; processing; metallurgical; infrastructure; economic; marketing; legal; environmental compliance; plans, negotiations, or agreements with local individuals or groups; and governmental factors. The number, type and specific characteristics of the modifying factors applied will necessarily be a function of and depend upon the mineral, mine, property, or project.

62. References to an 'Ore Reserve' should be read as a reference to a 'Mineral reserve' (as the concept is defined under Subpart 1300).

Key Term	JORC Code	Subpart 1300
Competent person / qualified person	**Clause 11** A **'Competent Person'** is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a 'Recognised Professional Organisation' (**RPO**), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking. If the Competent Person is preparing documentation on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves.	**Section 229.1300** **Qualified person** is an individual who is: (1) a mineral industry professional with at least five years of relevant experience in the type of mineralisation and type of deposit under consideration and in the specific type of activity that person is undertaking on behalf of the registrant; and (2) an eligible member or licensee in good standing of a recognised professional organisation at the time the technical report is prepared. For an organisation to be a recognised professional organisation, it must: (i) be either: A) an organisation recognised within the mining industry as a reputable professional association; or B) a board authorised by U.S. federal, state or foreign statute to regulate professionals in the mining, geoscience or related field; (ii) admit eligible members primarily on the basis of their academic qualifications and experience; (iii) establish and require compliance with professional standards of competence and ethics; (iv) require or encourage continuing professional development; (v) have and apply disciplinary powers, including the power to suspend or expel a member regardless of where the member practices or resides; and (vi) provide a public list of members in good standing. **Relevant experience** means, for purposes of determining whether a party is a qualified person, that the party has experience in the specific type of activity that the person is undertaking on behalf of the registrant.

Key Term	JORC Code	Subpart 1300
Competent person/ qualified person continued		If the qualified person is preparing or supervising the preparation of a technical report concerning exploration results, the relevant experience must be in exploration. If the qualified person is estimating, or supervising the estimation of mineral resources, the relevant experience must be in the estimation, assessment and evaluation of mineral resources and associated technical and economic factors likely to influence the prospect of economic extraction. If the qualified person is estimating, or supervising the estimation of mineral reserves, the relevant experience must be in engineering and other disciplines required for the estimation, assessment, evaluation and economic extraction of mineral reserves. (1) Relevant experience also means, for purposes of determining whether a party is a qualified person, that the party has experience evaluating the specific type of mineral deposit under consideration (e.g., coal, metal, base metal, industrial mineral, or mineral brine). The type of experience necessary to qualify as relevant is a facts and circumstances determination. For example, experience in a high-nugget, vein-type mineralisation such as tin or tungsten would likely be relevant experience for estimating mineral resources for vein-gold mineralisation, whereas experience in a low grade disseminated gold deposit likely would not be relevant.[63] (2) For a qualified person providing a technical report for exploration results or mineral resource estimates, relevant experience also requires, in addition to experience in the type of mineralisation, sufficient experience with the sampling and analytical techniques, as well as extraction and processing techniques, relevant to the mineral deposit under consideration. Sufficient experience means that level of experience necessary to be able to identify, with substantial confidence, problems that could affect the reliability of data and issues associated with processing. (3) For a qualified person applying the modifying factors, as defined by this section, to convert mineral resources to mineral reserves, relevant experience also requires: (i) sufficient knowledge and experience in the application of these factors to the mineral deposit under consideration; and (ii) experience with the geology, geostatistics, mining, extraction and processing that is applicable to the type of mineral and mining under consideration.

63. It is not always necessary for a person to have five years' experience in each and every type of deposit in order to be an eligible qualified person if that person has relevant experience in similar deposit types. For example, a person with 20 years' experience in estimating mineral resources for a variety of metalliferous hard-rock deposit types may not require as much as five years of specific experience in porphyry-copper deposits to act as a qualified person. Relevant experience in the other deposit types could count towards the experience in relation to porphyry-copper deposits.

(c) Compliance Statement

Mr John R. Walker, a qualified person under Subpart 1300, has approved the information in sections 6 and 7 relating to Darling Range and Juruti. Information in this Scheme Booklet that relates to Alcoa's:

- proven and probable reserves; and
- measured, indicated and inferred resources,

is based on information compiled by Mr John R. Walker. Mr Walker is employed full-time by SLR Consulting Limited as Technical Director, Mining Advisory Europe. Mr Walker has 35 years of experience that is relevant to the styles of mineralisation and the types of deposit under consideration. Mr Walker is a qualified person for the purposes of Subpart 1300.

The balance of the information in sections 6 and 7 on resources and reserves for properties (other than Darling Range and Juruti) were prepared using the results of the procedures performed by the qualified persons, which have no affiliation with or interest in Alcoa or its mining properties.

11.12 OTHER MATERIAL INFORMATION

Except as set out in this Scheme Booklet, so far as the Alumina Board is aware, there is no other information that is material to the making of a decision by Alumina Shareholders in relation to the Scheme, being information that is within the knowledge of any Director or any director of a Related Body Corporate of Alumina which has not previously been disclosed to Alumina Shareholders.

11.13 SUPPLEMENTARY INFORMATION

Alumina will issue a supplementary document to this Scheme Booklet if it becomes aware, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date that:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- there is a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet has occurred; or
- a significant new matter has arisen which would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

The form which the supplementary document may take will depend on the nature and timing of the new or changed circumstances.

Depending on the nature and timing of the changed circumstances, and subject to compliance with any relevant laws and/or obtaining any relevant approvals, Alumina may circulate and publish any supplementary document by:

- making an application to the Court for a direction as to what is appropriate in the circumstances;
- making an announcement to the ASX;
- posting a statement on Alumina's website at www.aluminalimited.com;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia; and/or
- sending the supplementary document to Alumina Shareholders at their address shown on the Alumina Share Register.

SECTION

12

Glossary

2027 Notes	has the meaning given to it in section 6.13(f).
2028 Notes	has the meaning given to it in section 6.13(g).
2029 Notes	has the meaning given to it in section 6.13(e).
2031 Notes	has the meaning given to it in section 6.13(d).
AAC Investments	AAC Investments Australia Pty Ltd (ACN 673 884 207).
ACCC	the Australian Competition and Consumer Commission.
ADR	an American Depositary Receipt.
ADS	an American depositary share.
ADS Custodian	HSBC Custody Nominees (Australia) Limited (ACN 003 094 568) (in its capacity as custodian for Bank of New York Mellon acting in its capacity as the depositary of Alumina's ADR program).
ADS Deposit Agreement	the deposit agreement dated as of October 6, 1989, as most recently amended and restated as of October 24, 2014 between Alumina, the ADS Depositary and Alumina ADS Holders and beneficial owners.
ADS Depositary	The Bank of New York acting in its capacity as the depositary of Alumina's ADS program.
AEST	Australian Eastern Standard Time.
AG Share Sale Agreement	the share sale agreement between Allan Gray Australia Pty Ltd (ACN 112 316 168), AAC Investments and Alcoa dated 26 February 2024, which was terminated on 21 May 2024.
Alcoa	Alcoa Corporation.
Alcoa Bidder	AAC Investments Australia 2 Pty Ltd (ACN 675 585 850).
Alcoa Board	the board of directors of Alcoa.
Alcoa Bylaws	the Amended and Restated Bylaws of Alcoa.
Alcoa Certificate of Incorporation	the Amended and Restated Certificate of Incorporation of Alcoa.
Alcoa CDI	a CHESS Depositary Interest, being a unit of beneficial ownership in an Alcoa Share (in the form of a CHESS Depositary Interest) registered in the name of CDN.
Alcoa CDI Registry	Computershare Investor Services Pty Limited (ACN 078 279 277).
Alcoa Competing Transaction	a proposal, offer, transaction or arrangement which, if completed, would mean a person whether alone or together with its Associates, directly or indirectly in a single transaction or a series of related transactions, would: a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of 20% or more of the total voting power of, or of any class of, equity securities of Alcoa or any of its Subsidiaries (other than as custodian, nominee or bare trustee); b) acquire control of Alcoa or any Alcoa Group Member which holds all, or substantially all, of the property or material assets of the Alcoa Group, within the meaning of section 50AA of the Corporations Act; or c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in 20% or more of the consolidated total assets (including equity securities of Alcoa's Subsidiaries) of, or business (including revenues or net income) conducted by, the Alcoa Group (which, for the avoidance of doubt, does not include an Alumina Competing Transaction); or d) require Alcoa to abandon or to not proceed with the Scheme in a manner consistent with this document, or otherwise would have the result that the Scheme is not reasonably able to be implemented, by whatever means.

Alcoa Counterproposal	has the meaning given in sub-section (e) of Annexure C.
Alcoa Directors	the directors of Alcoa.
Alcoa Employees	all employees and non-employee Directors of Alcoa and its Subsidiaries.
Alcoa Executive Officers	the executive officers of Alcoa.
Alcoa Group	Alcoa and its Subsidiaries.
Alcoa Group Member	a member of the Alcoa Group.
Alcoa Financial Information	has the meaning given to it in section 6.11(a).
Alcoa Incentive Plan	Alcoa's 2016 Stock Incentive Plan (as Amended and Restated).
Alcoa Incentive Plan Participant	a participant in the Alcoa Incentive Plan.

Alcoa Information	information in this Scheme Booklet (or any amendment or supplement):
	a) relating to the Alcoa Group, the Combined Group, the businesses of the Alcoa Group and Combined Group, New Alcoa Shares, New Alcoa CDIs, New Alcoa Preferred Shares, Alcoa's interests and dealings in Alumina Shares, Alcoa's intentions for the Combined Group and Combined Group's employees and Alcoa's funding, expressly provided by or on behalf of Alcoa to Alumina in writing for inclusion in this Scheme Booklet (or any amendment or supplement);
	b) relating to AWAC, any AWAC Agreement or any AWAC Entity, other than information expressly provided by or on behalf of Alumina to Alcoa in writing for this Scheme Booklet; and
	c) any other information that Alumina and Alcoa agree in writing is "Alcoa Information" and that is identified in this Scheme Booklet,
	in each case, excluding any Alumina Information,
	including the information in the following sections or parts of those sections of this Scheme Booklet:
	d) Important notices:
	i) the second paragraph under the heading 'Responsibility for information'; and
	ii) 'Notice to United States investors';
	e) Letter from the Chairman and the CEO of Alcoa;
	f) section 1.3(c);
	g) the following questions in Section 2:
	i) the third dot point under the question 'What are the reasons to vote in favour of the Scheme?';
	ii) the question considering 'What are the risks relating to the Combined Group?';
	iii) each question under the heading, 'Scheme Consideration' except for the question which considers 'How will Alumina ADS Holders be treated under the Scheme?';
	iv) each question under the heading 'Ineligible Foreign Shareholders';
	v) each question under the heading 'Information about Alcoa and Alcoa Bidder'; and
	vi) each question under the heading 'Information about the Combined Group';
	h) section 3.3;
	i) section 3.4;
	j) section 5.8(b);
	k) section 6;
	l) section 7;
	m) section 8.2(g);

Alcoa Information Continued	n) section 8.2(h);
	o) section 8.3;
	p) section 8.4;
	q) section 9.2;
	r) the column relating to Alcoa Information in Section 10.2;
	s) section 11.2(d);
	t) section 11.5; and
	u) section 11.6.

Alcoa Preferred Share	one non-voting preferred share of Alcoa having the rights and entitlements set out in the certificate of designation at Schedule 2 of the Scheme Implementation Deed.
Alcoa Prescribed Event	any of the following events: a) Alcoa converts all or any Alcoa Shares into a larger or smaller number of Alcoa Shares; b) Alcoa or another Alcoa Group Member resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares; c) Alcoa or another Alcoa Group Member: i) enters into a buy-back agreement; or ii) resolves to approve the terms of a buy-back agreement, other than: iii) a buy-back agreement for purchases of Alcoa Shares in satisfaction of the exercise price or tax withholdings upon the exercise or vesting of Alcoa equity incentives issued under any Equity Plan; or iv) a buy-back agreement between Alcoa Group Members. d) Alcoa makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), other than an Alcoa Capped Dividend; e) any Alcoa Group Member: i) issues shares; ii) grants an option over its shares; or iii) agrees to make such an issue or grant such an option, other than (i) under any Equity Plan or (ii) in the case of an Alcoa Group Member other than Alcoa, to a person within the Alcoa Group; f) any Alcoa Group Member issues or agrees to issue securities or other instruments convertible into shares or debt securities in each case to a person outside the Alcoa Group, other than under, on vesting or exercise of Alcoa equity incentives issued under, or in respect of, any Equity Plan; g) Alcoa adopts, modifies or repeals its certificate of incorporation or by-laws or a provision of them; h) other than in the ordinary course of business and consistent with past practice any Alcoa Group Member creates, or agrees to create, any Encumbrance over or declares itself the trustee of the whole or a substantial part of the Alcoa Group's business or property; i) Alcoa or any of its material Related Bodies Corporate becomes Insolvent; or j) Alcoa or any Alcoa Group Member that is an entity of substance (for example, that holds assets on its balance sheet as at the time of deregistration or dissolution) is deregistered as a company or otherwise dissolved, provided that an Alcoa Prescribed Event will not include any matter: k) expressly contemplated by this document or the Scheme; l) except for in the case of paragraph (i), required by law, regulation, changes in generally acceptable accounting principles or by an order (or similar) of a court or a Regulatory Authority; m) Disclosed by Alcoa to Alumina; or n) consented to in writing by Alumina (in its sole discretion).

Alcoa Share	a fully paid share of common stock of Alcoa.
Alcoa Share Register	the register of Alcoa stockholders maintained by Alcoa or its agent.
Alcoa Share Registry	Computershare Trust Company N.A.
Alcoa Stockholder	a holder of an Alcoa Share.
Alcoa Stockholder Meeting	a special meeting of the Alcoa Stockholders to consider the Alcoa Stockholder Resolution.
Alcoa Stockholder Resolution	a resolution of Alcoa Stockholders approving the issuance of New Alcoa Shares pursuant to the Scheme.
Alcoa Superior Proposal	a genuine Alcoa Competing Transaction (other than an Alcoa Competing Transaction which has resulted from a breach by Alcoa of its obligations in clauses 10.2, 10.3 or 10.4 of the Scheme Implementation Deed) which the Alcoa Board, acting in good faith, and after taking advice from its legal and financial advisers, determines: a) is reasonably capable of being completed within a reasonable timeframe in accordance with its terms; and b) would, if completed substantially in accordance with its terms, be more favourable to Alcoa Stockholders (as a whole) than the Scheme, taking into account all aspects of the Alcoa Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters (including the value and type of consideration, funding, any timing considerations, any conditions precedent or other matters affecting the probability of the proposal being completed).
Alumina	Alumina Limited (ACN 004 820 419).
Alumina ADS	an ADS representing four Alumina Shares.
Alumina ADS Holder	a holder of an Alumina ADS.
Alumina Board	the board of directors of Alumina.
Alumina Competing Transaction	a proposal, offer, transaction or arrangement which, if completed, would mean a person (other than Alcoa or its Related Bodies Corporate) whether alone or together with its Associates, directly or indirectly in a single transaction or a series of related transactions, would: a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of 20% or more of the Alumina Shares (other than as custodian, nominee or bare trustee), other than in the circumstances of an acquisition in accordance with item 9 of section 611 of the Corporations Act by any person or their Associate that is an Alumina Shareholder at the date of this document; b) acquire control of Alumina or any Alumina Group Member which holds all, or substantially all, of the property or material assets of the Alumina Group, within the meaning of section 50AA of the Corporations Act; c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all or a substantial part or a material part of, the Alumina Group's interests in AWAC; d) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure or other synthetic merger) with Alumina; or e) otherwise require Alumina to abandon or to not proceed with the Scheme in a manner consistent with this document or otherwise would have the result that the Scheme is not reasonably able to be implemented, by whatever means.
Alumina Directors	the directors of Alumina.
Alumina Facility Agreement	the syndicated revolving cash advance facility agreement between Australia and New Zealand Banking Group Limited, Westpac Banking Corporation, Commonwealth Bank of Australia and Alumina, dated 2 December 2013 as amended from time to time prior to the date of the Scheme Implementation Deed.

Alumina Financial Information	has the meaning given to it in section 5.3(a).
Alumina Group	Alumina and its Subsidiaries.
Alumina Group Member	a member of the Alumina Group.
Alumina Information	all information contained in this Scheme Booklet (or any amendment or supplement), other than the Alcoa Information, the Independent Expert's Report (or references to the Independent Expert's analysis or conclusions), the Independent Limited Assurance Report, or other report or opinion prepared by an external adviser to Alumina.
Alumina Prescribed Event	any of the following events: a) Alumina converts all or any of its shares into a larger or smaller number of shares; b) Alumina or another Alumina Group Member resolves to reduce its share capital in any way or resolves to reclassify, combine, split or redeem or repurchase directly or indirectly any of its shares; c) Alumina or another Alumina Group Member: i) enters into a buy-back agreement; or ii) resolves to approve the terms of a buy-back agreement under the Corporations Act; d) Alumina declares or determines to pay, or pays a distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) to its members or any class of them; e) any Alumina Group Member: i) issues shares; ii) grants an option over its shares; or iii) agrees to make such an issue or grant such an option, in each case to a person outside of the Alumina Group. f) Alumina fails to deal with the Equity Incentives as required by clause 4.7 of the Scheme Implementation Deed so that there remain no outstanding Employee Share Rights at the Effective Date; g) any Alumina Group Member issues or agrees to issue securities or other instruments convertible into shares or debt securities in each case to a person outside the Alumina Group; h) Alumina adopts a new constitution or modifies or repeals takeover provisions in rule 79 and 80 of the Alumina constitution at the next annual general meeting of Alumina Shareholders; i) other than in the ordinary course of business and consistent with past practice any Alumina Group Member creates, or agrees to create, any Encumbrance over or declares itself the trustee of the whole or a substantial part of its business or property; j) Alumina or any of its Subsidiaries becomes Insolvent; k) Alumina or any of its Related Bodies Corporate is deregistered as a company or otherwise dissolved; l) Alumina or another Alumina Group Member enters into or resolves to enter into a transaction with any related party of Alumina within the meaning of section 228 of the Corporations Act, other than a transaction for the giving of a financial benefit by an Alumina Group Member to another Alumina Group Member for which member approval under section 208 of the Corporations Act is or would not be required solely because of sections 211, 212 and 214 of the Corporations Act; or m) Alumina or another Alumina Group Member incorporates or acquires a new Subsidiary, or deregisters a Subsidiary, resulting in a change in the membership of the Alumina Consolidated Tax Group; provided that an Alumina Prescribed Event will not include any matter: n) contemplated by the Scheme Implementation Deed or the Scheme; o) required by law, regulation, changes in generally acceptable accounting principles or by an order (or similar) of a court or a Regulatory Authority; p) Disclosed by Alumina to Alcoa; or q) consented to in writing by Alcoa (in its sole discretion)

Alumina Share	a fully paid ordinary share in Alumina.
Alumina Share Register	the register of shareholders maintained by Alumina in accordance with the Corporations Act.
Alumina Share Registry	Computershare Investor Services Pty Limited (ACN 078 279 277).
Alumina Shareholder	each person registered in the Alumina Share Register as a holder of Alumina Shares.
Alumina Shareholder Information Line	the shareholder information line established by Alumina for Alumina Shareholders to call if they have any questions or require further information in relation to the Scheme.
Amended Japanese Yen Revolving Credit Facility	has the meaning given to it in section 6.13(c).
Amending Deed	the amending deed to the Scheme Implementation Deed and ancillary documents dated 21 May 2024 between Alumina and Alcoa.
Amendment No. 1	has the meaning given to it in section 6.13(a).
Amended Revolving Credit Facility	has the meaning given to it in section 6.13(a).
ANM	Agencia Nacional de Mineracao.
ANHBV	Alcoa Nederland Holding B.V..
AofA	Alcoa of Australia Limited.
API	Alumina Price Index.
ASIC	the Australian Securities & Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to the Scheme Implementation Deed.
ASX	ASX Limited (ACN 008 624 691), or the market operated by it, as the context requires.
ASX Listing Rules	the official listing rules of the ASX.
ASX Settlement Rules	the official settlement rules of the ASX.
ASX Settlement Operating Rules	the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
ATO	the Australian Taxation Office.
ATO Class Ruling	has the meaning given in section 9.1(b)(ii).
Audit Committee	the audit committee for Alcoa.
Australian Residency Declaration	has the meaning given in section 9.1(d)(ii).
AWAB	Alcoa World Alumina Brasil Ltda.
AWAC	the Alcoa World Alumina and Chemicals global joint venture between Alcoa and Alumina.
AWAC Agreements	the agreements and ancillary documents relating to AWAC between Alumina (and/or Alumina Group Members), Alcoa (and/or Alcoa Group Members) and/or any one or more AWAC Entities.
AWAC Entities	the operating entities comprising AWAC that are owned directly or indirectly by Alcoa and Alumina.

AWAC Strategic Council	the strategic council of AWAC.
Bestbuy	Bestbuy Overseas Co. Ltd.
Break Fee	US$22 million.
Business Day	a business day as defined in the ASX Listing Rules, provided that day is not a day on which banks in Melbourne, Victoria, Australia are authorised or required to close.
CADE	Administrative Council for Economic Defense.
CBG	Compagnie des Bauxites de Guinée, a bauxite mine in Guinea.
CDN	CHESS Depository Nominees Pty Limited (ACN 071 346 506).
CEO	Chief Executive Officer.
Certificate of Designation	the certificate of designation at Schedule 2 of the Scheme Implementation Deed.
CFO	Chief Financial Officer.
CGT	capital gains tax.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CITIC Australia	CITIC Australia Pty. Ltd. (ACN 006 388 772).
CITIC Resources	CITIC Resources Australia Pty Ltd (ACN 107 652 817).
CITIC Shareholders	each of: a) Bestbuy; b) CITIC Resources Australia; and c) CITIC Australia.
CO2e	Carbon dioxide equivalent or CO2e means the number of metric tons of CO2 emissions with the same global warming potential as one metric ton of another greenhouse gas.
Code of Conduct	the code of conduct for Alcoa.
Combined Group	the Alcoa Group, including the Alumina Group following implementation of the Scheme.
Combined Group Information	any information regarding the Combined Group in this Scheme Booklet or Proxy Statement (or any amendments or supplements), as applicable.
Combined Group Pro Forma Financial Information	has the meaning given to it in section 7.7(a).
Compensation and Benefits Committee	the compensation and benefits committee for Alcoa.
Competing Transaction	an Alcoa Competing Transaction or Alumina Competing Transaction, as the context requires.
Computershare	Computershare Investor Services Pty Limited (ACN 078 279 277).
Conditional Right	a right to acquire Alumina Shares subject to and in accordance with the Share Rights Grant Plan.
Conditions Precedent	each of the conditions in clause 3.1 of the Scheme Implementation Deed, as summarised in section 3.5.
Corporate Governance Guidelines	the Alcoa 2023 corporate governance guidelines.

Corporations Act	the *Corporations Act 2001* (Cth).
Corporations Regulations	the Corporations Regulations 2001 (Cth).
Court	the Federal Court of Australia (sitting in Melbourne), or another court of competent jurisdiction under the Corporations Act agreed in writing by Alcoa and Alumina.
Darling Range	has the meaning given to it in section 6.2(b)(ii).
Deed Poll	the deed poll set out in Annexure E.
Deferred Compensation Plan	Alcoa USA Corp. Deferred Compensation Plan effective 1 August 2016, as amended 15 November 2021.
DGCL	the Delaware General Corporation Law.
Disclosed	fully and fairly disclosed, with sufficient detail and context to enable a reasonable, diligent and sophisticated investor entering into a transaction of the nature contemplated by this document to understand the nature, scope and financial significance of the relevant fact, matter, event or circumstance.
DRS	the Direct Registration System, which allows registered securities to be held in electronic book-entry form without having a physical security certificate issued as evidence of ownership.
EBITDA	earnings before interest, tax, depreciation and amortisation.
Effective	the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
EHS	environment, health and safety.
Employee Share Plan	the employee share plan operated by the Alumina Group.
Employee Share Right	a) a Conditional Right issued under the Share Rights Grant Plan; and/or b) an ESP Entitlement issued under the Employee Share Plan, operated by Alumina, including specific amendments with certain employees.
End Date	31 December 2024 or such other date as is agreed by Alcoa and Alumina.
Equity Incentives	all share rights, performance rights and any other rights, options or shares (including Employee Share Rights) which confers on the holder a right to acquire or hold (on a restricted or unrestricted basis) an Alumina Share.
ESG	environment, social and governance.
ESP Entitlement	an entitlement to be allocated Alumina Shares in accordance with the Employee Share Plan.
Exchange Act	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.
EU	the European Union.
Exclusivity Period	the period from and including the date of the Scheme Implementation Deed to the earlier of: a) the termination of the Scheme Implementation Deed; b) the End Date; and c) the Implementation Date.
FIRB	the Foreign Investment Review Board.
FIRB Act	the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

First Court Date	the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act to convene the Scheme Meeting is heard.
Fitch Ratings	Fitch Ratings Inc.
Foreign Estimates	a foreign resource estimate presented in accordance with ASX Listing Rule 5.12.
Foreign Exempt Listing	the admission of an entity to the Official List of the ASX as an ASX Foreign Exempt Listing pursuant to ASX Listing Rule 1.1.
FRCGW	foreign resident capital gains tax withholding.
FSMA	Financial Services and Markets Act 2000, as amended.
GHG	Greenhouse Gases.
Governance and Nominating Committee	the governance and nominating committee for Alcoa.
GST	goods and services tax as defined in the GST Act.
GST Act	the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
Guarantors	has the meaning given to it in section 6.13(h).
Halco	Halco (Mining) Inc.
HIN	Holder Identification Number.
Howmet Aerospace Inc	Howmet Aerospace Inc. is an American aerospace company based in Pittsburgh, Pennsylvania formerly known as Alcoa, Inc.
Implementation Date	the 5th Business Day following the Scheme Record Date, or such other date after the Scheme Record Date as Alcoa and Alumina agree in writing, ordered by the Court or required by ASX.
Incentive Option	has the meaning given to it in section 6.9.
Independent Alumina Director	each Alumina Director other than Alumina's Managing Director and Chief Executive Officer and any Alumina Director nominated by a substantial shareholder of Alumina.
Independent Expert	Grant Samuel & Associates Pty Limited (ACN 050 036 372), the independent expert in respect of the Scheme appointed by Alumina.
Independent Expert's Report	the report of the Independent Expert, as set out in Annexure A.
Independent Limited Assurance Report	the report of the Investigating Accountant, as set out in Annexure B.
Independent Registered Public Accounting Firm	a public accounting firm registered with the PCAOB and required to be independent in compliance with US federal securities laws and the SEC.
Ineligible Foreign Shareholder	a) an Alumina Shareholder whose Registered Address is a place outside Australia and its external territories, British Virgin Islands, Norway, Canada, Hong Kong, New Zealand, Singapore, Switzerland, the European Union, the United Arab Emirates, the United Kingdom or the United States (unless otherwise agreed by Alcoa and Alumina, each acting reasonably), unless Alcoa (after consultation with Alumina) determines that it is lawful and not unduly onerous or unduly impracticable to issue that Alumina Shareholder with New Alcoa CDIs on implementation of the Scheme; and b) an Alumina Shareholder that is not an Ineligible Foreign Shareholder under paragraph (a) of this definition, but only to the extent necessary to fund any Withholding Amount pursuant to clause 20(d) of the Scheme Implementation Deed.
Ineligible Shares	has the meaning given in section 3.4(i)(i).

Insolvent	a person is Insolvent if: a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to any part of its property; c) it is subject to any arrangement (including a deed of company arrangement or creditors' scheme of arrangement), assignment, moratorium, compromise or composition, protected from creditors under any statute or other law or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this document); d) an application or order has been made (and in the case of an application which is disputed by the person, it is not stayed, withdrawn or dismissed within 14 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of the things described in any of paragraphs (a) to (c) above; e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this document reasonably deduces it is so subject); g) it is otherwise unable to pay its debts when they fall due; or h) any other event, matter or circumstance having a substantially similar effect to any of the things described in paragraphs (a) to (g) above happens in connection with that person under the law of any jurisdiction.
Investigating Accountant	PricewaterhouseCoopers Securities Ltd (ACN 003 311 617).
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012, as updated from time to time.
Japanese Yen Revolving Credit Facility	has the meaning given to it in section 6.13(c).
Juruti	has the meaning given to it in section 6.2(b)(iii).
Kmt	metric tons in thousands.
Last Practicable Date	31 May 2024 (AEST or Eastern Time, as applicable), being the last practicable date to prepare information before finalising this Scheme Booklet for registration by ASIC.
LME	the London Metal Exchange.
Ma'aden	Saudi Arabian Mining Company.
Ma'aden JV	Joint venture between Alcoa and Saudi Arabian Mining Company.
MAC	Ma'aden Aluminium Company.
Manicouagan	Manicouagan Power Limited Partnership, a joint venture between affiliates of Alcoa and Hydro-Québec.
MBAC	Ma'aden Bauxite and Alumina Company.
Mdmt	dry metric tons in millions.
Mineral Resources	has the meaning given to that term in the JORC Code.
Mining Code	the Mining Code (Decree Law No. 267/67) (Brazil)
ML1SA	the mining licence described in section 6.2(b)(i)(D)(i).

MMP	Mining and Management Program.
Moody's	Moody's Investor Service.
Mt	metric ton.
Mtpy	metric tons per year.
Net Cash Proceeds	the net cash proceeds of the sale of Alcoa Shares via the Sale Facility (after the deduction of any applicable brokerage, stamp duty or other selling costs, taxes and charges).
New Alcoa CDI	an Alcoa CDI to be issued to Scheme Participants as Scheme Consideration under the Scheme.
New Alcoa Preferred Shares	a fully paid Alcoa Preferred Share to be issued as Scheme Consideration under the Scheme.
New Alcoa Share	an Alcoa Share to be issued to Scheme Participants as Scheme Consideration under this Scheme (including those issued to CDN in connection with the New Alcoa CDIs).
Non-Portfolio Interest Declaration	has the meaning given in section 9.1(d)(ii).
Non-US Holder	has the meaning given in section 9.2(a).
NYSE	the New York Stock Exchange or any other stock exchange in the United States of America upon which the Alcoa Shares are listed.
NYSE Listing Rules	the applicable rules and standards contained in the NYSE Listed Company Manual.
OECD	the Organisation for Economic Co-operation and Development.
Official List	the official list of the entities that ASX has admitted and not removed.
Option Price	has the meaning given to it in section 6.9(b).
Ore Reserves	has the meaning given to that term in the JORC Code.
PCAOB	US Public Company Accounting Oversight Board.
PFIC	passive foreign investment company.
Pittsburgh Business Day	a business day as defined in the NYSE Listing Rules, provided that day is not a day on which the banks in Pittsburgh, Pennsylvania, United States of America are authorised or required to close.
PPSA	*Personal Property Securities Act 2009* (Cth).
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union.
Proxy Statement	the proxy statement to be sent to Alcoa Stockholders in relation to the Alcoa Stockholder Meeting, as amended, supplemented or otherwise modified from time to time.
PRSU	Performance-based Restricted Stock Units.
Receivables Purchase Agreement	has the meaning given to it in section 6.13(b).
Registered Address	in relation to an Alumina Shareholder, the address shown in the Alumina Share Register as at the Scheme Record Date.
Regulatory Approval	the FIRB approval contemplated in clause 3.1(a), the ACCC confirmation contemplated in clause 3.1(b), and clearance by the Brazil Administrative Council for Economic Defense contemplated in clause 3.1(c), of the Scheme Implementation Deed.

Regulatory Authority	a) ASX, ACCC, ASIC, FIRB, the ATO and the Takeovers Panel; b) the SEC and the NYSE; c) Brazil Administrative Council for Economic Defense; d) any national, federal, state, county, municipal, local or foreign government or governmental, semi-governmental, judicial, executive, legislative or regulatory entity or authority; e) any minister, department, office, commission, delegate, instrumentality, agency, board, authority, organisation, bureau, department or other political subdivision of any government; f) any regulatory organisation established under statute; and g) any quasi-governmental, self-regulatory agency, commission or authority, including any national securities exchange or national quotation system.
Related Body Corporate	of an entity,: a) to the extent applicable to any Alcoa Group Member that is not an Australian company, any entity that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such entity; and b) otherwise has the meaning given to it in the Corporations Act.
Relevant Interest	has the meaning it has in sections 608 and 609 of the Corporations Act, and to the extent applicable to Alcoa or any Alcoa Group Member that is not an Australian company, the meaning of this term will be amended to the extent required to apply to the entity in a similar manner as if it were an Australian company.
Requisite Majorities	in relation to the Scheme Resolution, a resolution passed by: a) unless the Court orders otherwise, a majority in number (more than 50%) of Alumina Shareholders present and voting at the Scheme Meeting (either in person, online or by proxy, attorney, or in the case of corporate Alumina Shareholders, body corporate representative); and b) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Alumina Shareholders present and voting (either in person, online or by proxy, attorney or, in the case of corporate Alumina Shareholders, body corporate representative).
Revolving Credit Facility	has the meaning given to it in section 6.13(a).
Reverse Break Fee	in respect of clause 12.2(d) of the Scheme Implementation Deed, US$20 million, and in all other instances, US$50 million.
Rio Tinto	Rio Tinto Alcan Inc.
Roll-Over Relief	scrip-for-scrip roll-over relief is the form of relief available under subdivision 124-M of the *Income Tax Assessment Act 1997* (Cth) under which eligible taxpayers may choose to defer a capital gain made by a taxpayer if, broadly, under a single arrangement, a taxpayer exchanges a share in a company for a share in another company in certain circumstances. Please refer to section 9.1(b)(vii) for a more detailed definition.
RSU	has the meaning given to it in section 6.9.
RPZ	Reservoir Protection Zone.
S&P	Standard and Poor's Global Ratings.
Safety, Sustainability and Public Issues Committee	the safety, sustainability and public issues committee for Alcoa.
Sale Agent	the nominee appointed in accordance with the Sale Facility.
Sale Facility	the mechanism under which the Scheme Consideration to which Ineligible Foreign Shareholders would otherwise have been entitled is sold by the Sale Agent and the proceeds remitted to Ineligible Foreign Shareholders.
SCA	St. Croix Alumina, L.L.C., a Delaware corporation.

Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act under which all the Alumina Shares will be transferred to Alcoa Bidder, as set out in Annexure D, together with any amendment or modification made pursuant to section 411(6) of the Corporations Act to the extent approved in writing by Alumina and Alcoa.
Share Rights Grant Plan	the share rights grant plan operated by the Alumina Group.
Scheme Booklet	this booklet.
Scheme Consideration	the consideration to be provided by Alcoa Bidder (or by Alcoa on behalf of and at the direction of Alcoa Bidder) for the transfer of Alumina Shares held by a Scheme Participant to Alcoa Bidder, being: a) in respect of each Alumina Share held by a Scheme Participant on the Scheme Record Date, 0.02854 New Alcoa CDIs; b) where clause 5.4 of the Scheme applies, in respect of each Alumina Share held by a CITIC Shareholder that would result in the CITIC Threshold being exceeded, 0.02854 New Alcoa Preferred Shares and, for the avoidance of doubt, 0.02854 New Alcoa CDIs for each other Alumina Share held by a CITIC Shareholder on the Scheme Record Date; or c) where clause 6.2(c) of the Scheme applies, in respect of each Alumina Share held by the ADS Depositary or ADS Custodian, 0.02854 New Alcoa Shares.
Scheme Implementation Deed	the Scheme Implementation Deed dated 12 March 2024 between Alumina and Alcoa relating to the implementation of the Scheme, as amended from time to time.
Scheme Meeting	the meeting of Alumina Shareholders, ordered by the Court to be convened by Alumina under section 411(1) of the Corporations Act at which Alumina Shareholders will vote on the Scheme and including any meeting following an adjournment or postponement of that meeting.
Scheme Participant	each person who is an Alumina Shareholder at the Scheme Record Date.
Scheme Record Date	7.00pm on the second Business Day following the Effective Date or such other date as Alumina and Alcoa agree in writing.
Scheme Resolution	a resolution to approve the Scheme under section 411(4)(a)(ii) of the Corporations Act, as set out in the Notice of Scheme Meeting in Annexure F.
SEC	the United States Securities and Exchange Commission.
SEC Rules	Rules and Regulations for the Securities and Exchange Commission and Major Securities Laws.
Second Court Date	the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason, the date on which the adjourned application is heard or scheduled to be heard.
Second Court Hearing	the hearing of an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Securities Act	the United States Securities Act of 1933, as amended, and the rules and regulations thereunder.
SFA	Securities and Futures Act 2001.
SID Announcement	the ASX announcement on 12 March 2024 made by Alumina in respect to the execution of the Scheme Implementation Deed.
SLR	SLR International Corporation.
South32	South32 Limited (ACN 093 732 597).
SPE	special purpose entity.

Subsidiary	a) to the extent applicable to Alcoa or any Alcoa Group Member that is not an Australian company, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are directly or indirectly owned or controlled by such entity or by any one or more of its Subsidiaries, or by such entity and one or more of its Subsidiaries; and b) otherwise has the meaning given to it in the Corporations Act.
Subsidiary Guarantors	has the meaning given to it in section 6.13(h).
Subpart 1300	Subpart 1300 of Regulation S-K, promulgated under the Securities Act.
Superior Proposal	a genuine Alumina Competing Transaction (other than an Alumina Competing Transaction which has resulted from a breach by Alumina of its obligations in clauses 10.2, 10.3 or 10.4 of the Scheme Implementation Deed) which the Alumina Board, acting in good faith, and after taking advice from its legal and financial advisers, determines: a) is reasonably capable of being completed within a reasonable timeframe in accordance with its terms; and b) would, if completed substantially in accordance with its terms, be more favourable to Alumina Shareholders (as a whole) than the Scheme, taking into account all aspects of the Alumina Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters (including the value and type of consideration, funding, any timing considerations, any conditions precedent or other matters affecting the probability of the proposal being completed).
Tadawul	Saudi Stock Exchange.
Target Capital Distributions	any capital distributions made or dividends paid to the ordinary shareholders of Alumina after the date of the AG Share Sale Agreement and on or before the date of completion of the AG Conditional Sale Share Agreement.
Tax Associates	has the same meaning given to "associates" in section 318 of the *Income Tax Assessment Act 1936* (Cth).
Third Amendment and Restatement	has the meaning given to it in section 6.13.
Transaction	the scheme of arrangement under Part 5.1 of the Corporations Act under which all the Alumina Shares will be transferred to Alcoa Bidder, as set out in Annexure D, together with any amendment or modification made pursuant to section 411(6) of the Corporations Act to the extent approved in writing by Alumina and Alcoa.
Transaction Process Deed	the Transaction Process and Exclusivity Deed between Alumina, AAC Investments and Alcoa dated 26 February 2024.
Treasurer	the Treasurer of the Commonwealth of Australia.
United States / Australia Double Tax Treaty	convention between the Government of Australia and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.
US Bank Holding Act	the United States Bank Holding Company Act of 1956.
US Holder	has the meaning given in section 9.2(a).
U.S. GAAP	the generally accepted accounting principles in the United States of America.
Variation Notice	has the meaning given to it in section 9.1(d)(i).
WA EPA	*Environmental Protection Act 1986* (WA).
Withholding Amount	the amount that Alcoa or Alcoa Bidder may be required to pay to the Commissioner of Taxation under Subdivision 14-D of the *Taxation Administration Act 1953* (Cth) in respect of the acquisition of any Alumina Shares from certain Alumina Shareholders pursuant to the Scheme.

In this Scheme Booklet (other than the Annexures), unless stated otherwise:

a) all words and phrases used in this Scheme Booklet have the meanings (if any) given to them by the Corporations Act;

b) if a word or phrase is defined in the Glossary in section 12, its other grammatical forms have a corresponding meaning;

c) headings and bold type are for convenience only and will not affect the interpretation of this Scheme Booklet;

d) words importing the singular, where the context requires, include the plural and vice versa;

e) words importing any gender include all genders;

f) a reference to a person includes a reference to any individual, a body corporate, a partnership, a joint venture, an unincorporated association, a corporation and an authority or any other entity or organisation;

g) all dates and times are AEST;

h) a reference to A$ and AUD is to the currency of Australia and a reference to $, US$ or USD is a reference to the currency of the United States of America; and

i) a reference to a section or Annexure is to a section in or Annexure to this Scheme Booklet, unless otherwise stated.

ANNEXURES

ANNEXURE A
Independent Expert's Report

GRANT SAMUEL

7 June 2024

The Directors
Alumina Limited
Level 36, 2 Southbank Boulevard
Southbank VIC 3006

Dear Directors

Alcoa Scheme

1 Introduction

On 12 March 2024, Alumina Limited ("Alumina") announced that it had entered into a scheme implementation deed with Alcoa Corporation ("Alcoa") in relation to a proposal for AAC Investments Australia 2 Pty Ltd (a wholly owned subsidiary of Alcoa) to acquire 100% of the fully paid ordinary shares in Alumina by way of a scheme of arrangement ("Scheme"). Alcoa owns a 60% interest in the Alcoa World Alumina and Chemicals joint venture ("AWAC") and is also the manager and operator of AWAC's global operations (as well as owning other assets, collectively referred to as "non-AWAC assets"). Alumina's sole investment is a 40% interest in AWAC. On 20 May 2024 (New York time), Alcoa announced that it had entered into an agreement with Alumina to amend the scheme implementation deed in relation to China International Trust and Investment Corporation and its subsidiaries ("CITIC"), which holds approximately 19% of Alumina shares (refer below).

If the Scheme is implemented, Alumina shareholders will receive 0.02854 shares of Alcoa common stock (in the form of ASX[1]-listed CDIs) for each Alumina share held except for:

- ineligible foreign shareholders[2], who will have the Alcoa stock which they would have otherwise received under the Scheme sold on the NYSE and they will receive the net cash proceeds; and
- CITIC will receive shares of Alcoa preferred stock to the extent that CITIC's holding in Alcoa exceeds 4.5%. The preferred stock has the same dividend entitlements as ordinary stock but has no voting rights.

On implementation of the Scheme, Alumina shareholders will own approximately 31.6%[3] of the merged Alcoa and Alumina group (the "Combined Group") and existing Alcoa shareholders will own approximately 68.4%[3] of the Combined Group.

The Scheme followed a number of earlier indicative proposals from Alcoa and a period of negotiation that culminated in the receipt of a non-binding, indicative and conditional proposal from Alcoa to acquire 100% of the fully paid ordinary shares in Alumina on the same terms as the Scheme ("Indicative Proposal"). Alumina announced receipt of the Indicative Proposal on 26 February 2024 and entered into a Transaction

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1 All definitions set out in Appendix 1 to the full independent expert's report apply to this summary letter.

2 Ineligible foreign shareholders are Alumina shareholders whose registered address is a place outside Australia and its external territories, British Virgin Islands, Norway, Canada, Hong Kong, New Zealand, Singapore, Switzerland, the European Union, the United Arab Emirates, the United Kingdom or the United States (unless otherwise agreed by Alcoa and Alumina, each acting reasonably), unless Alcoa (after consultation with Alumina) determines that it is lawful and not unduly onerous or unduly impractical to issue that Alumina shareholder with Alcoa CDIs on implementation of the Scheme.

3 Based on the shares on issue on 23 February 2024 (the last trading day prior to announcement of the Scheme). On a fully diluted basis (including stock options, stock units, conditional and performance rights), Alumina shareholders will own 31.25% of the Combined Group.

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Process and Exclusivity Deed with Alcoa which granted Alcoa a 20 business day period of exclusivity during which the scheme implementation deed was negotiated.

At the time of providing the Indicative Proposal, Alcoa informed Alumina that Allan Gray Australia Pty Ltd[4] ("Allan Gray"), Alumina's largest shareholder, had entered into a conditional share sale agreement with Alcoa that gave Alcoa the right to acquire up to a 19.9% interest in Alumina for a consideration of 0.02854 shares of Alcoa common stock for each Alumina share. However, on 20 May 2024 (New York time), Alcoa announced that Allan Gray had confirmed that it continued to be supportive of the Scheme and that, in light of that confirmation, Alcoa and Allan Gray had terminated the conditional share sale agreement in accordance with its terms.

The Scheme is subject to a number of conditions and regulatory approvals/clearances that are set out in detail in Section 3 of the Scheme Booklet to be sent by Alumina to its shareholders ("Scheme Booklet") including approval by Alumina's shareholders under Section 411 of the Corporations Act ("Section 411"). The Scheme is also subject to receipt of confirmation of an ATO ruling for scrip-for-scrip rollover relief. Other elements of the scheme implementation deed include customary exclusivity and competing proposal notification obligations provided by Alumina in favour of Alcoa, the potential payment in certain circumstances of a break fee by Alumina ($22 million[5]) or Alcoa (up to $50 million) and an obligation for Alumina to ensure that no employee share rights (i.e. conditional rights and employee share plan entitlements) are in existence on the Scheme record date. In addition, Alcoa must obtain shareholder approval to authorise the issue of shares of Alcoa common stock as Scheme consideration.

The Independent Non-Executive Directors and Managing Director and Chief Executive Officer ("CEO") of Alumina[6] have recommended that Alumina shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Alumina shareholders. Subject to the same qualifications, the Independent Non-Executive Directors and Managing Director and CEO of Alumina intend to vote all Alumina shares which they hold or control in favour of the Scheme.

The directors of Alumina have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is in the best interests of Alumina shareholders. A copy of the report (including this letter) will accompany the Scheme Booklet to be sent to shareholders by Alumina. This letter contains a summary of Grant Samuel's opinion and main conclusions.

2 Opinion

In Grant Samuel's opinion, the Scheme is fair and reasonable and is therefore in the best interests of Alumina shareholders in the absence of a superior proposal.

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4 And its related bodies corporate as investment manager for the funds or investment mandates it manages.

5 All references to $ in this report are reference to United States dollars unless stated otherwise (e.g. Australian dollars are specifically shown as A$).

6 The Non-Independent Non-Executive Director of Alumina, Mr Chen Zeng, has abstained from making a recommendation. Mr Zeng is the Chair and CEO of CITIC Pacific Mining Pty Ltd ("CITIC Pacific Mining") and CITIC Mining International, the holding company of CITIC Pacific Mining and is also the Chairman of CITIC Australia. The CITIC group of companies (through CITIC Resources Holdings Limited and CITIC Group Corporation) is a substantial shareholder in Alumina, with an 18.9% interest.

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3 Key Conclusions

- **The strategic merits of the Scheme are compelling**

The current ownership structure of AWAC is suboptimal and not "fit for purpose". It is inefficient, with the shared ownership of AWAC diluting value and resulting in additional costs and extra layers of decision making. It also results in Alumina shareholders having a structurally subordinated minority interest in the underlying asset.

The weaknesses of the current structure have been brought into sharp focus by recent performance issues at AWAC that have resulted in the partners (Alcoa and Alumina) having to make significant cash contributions over the last two years. Further contributions are expected over the next 1-2 years (subject to alumina pricing or other changes in market conditions) given the bauxite quality issues facing the joint venture over the period to CY27 as well as elevated capital expenditure requirements going forward and restructuring and curtailment costs for Kwinana (and potentially San Ciprián unless it is sold). Alumina has limited capacity to raise its own debt to meet such obligations (because its sole investment is a minority equity stake with indirect access to cash flows). Alumina has total credit facilities of $500 million and net debt has already increased to over $350 million. Its credit rating has recently been downgraded to below investment grade. In these circumstances, further cash contributions may need to be funded by an equity raising.

In contrast, the Scheme will result in the Combined Group having a simple, unified structure that is a fully end to end, vertically integrated aluminium producer which owns 100% of most of its major assets across the value chain from bauxite to alumina to aluminium. Alumina shareholders will hold a direct interest in the operator (and controlling entity) of AWAC (and other assets) through the Alcoa stock that they receive.

There are several additional benefits for Alumina shareholders:

- they will retain most of their economic interest in AWAC (approximately 80%) while effectively swapping an 8.4% interest in AWAC (together with a share of Alumina's debt) for a 31.6% interest in Alcoa's aluminium smelter assets (and other assets and liabilities). This shift provides diversification and provides exposure to Alcoa's advantaged (from a "green" perspective) portfolio of smelting assets into downstream operations of the aluminium sector;
- the Combined Group will have a better financial structure than either entity standalone to access debt (and equity) markets to deal with upcoming cash demands and to fund growth initiatives;
- there are direct financial synergy benefits including savings in corporate overheads and unlocking of tax and debt efficiencies by potentially raising debt against AWAC's Australian assets, thereby enabling interest expense to be offset against the operating earnings for tax purposes. Alumina shareholders will share in 31.6% of these savings;
- Alumina shareholders should benefit (albeit largely indirectly) from the significantly greater liquidity of Alcoa stock; and
- Alumina shareholders will have a reduced exposure (31.6% compared to 40%) to risks relating to future mining approvals in Western Australia (e.g. restrictions, higher operating costs).

One of the other key attractions of the Scheme is its nature as an "all scrip" transaction. Aluminium and alumina are volatile industries and Alumina and Alcoa both generated losses at the EBIT level in CY23 (as did AWAC). The share prices of both companies have fallen sharply over the past two years (and longer for Alumina). Rather than exit for cash at a low point (and lock in a loss), shareholders are able to "rollover" their shareholdings (at a premium) into stock that, at least until the last couple of months, has also been trading at depressed levels. As a result, they can preserve their economic

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interests in the sector (but with a shift in focus) and participate in any potential upside opportunities that are realised over the next few years.

- **The equity in Alumina has been valued in the range $2,369-2,854 million which corresponds to a value of $0.82-0.98 per share (equivalent to A$1.26-1.51 per share)**

  The valuation is summarised below:

ALUMINA - VALUATION SUMMARY ($ MILLIONS)

	FULL REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
40% interest in AWAC	5.3	2,674	3,159
Corporate costs (net of savings)	5.4	-	-
Enterprise value		**2,674**	**3,159**
Adjusted net borrowings as at 31 December 2023	5.5	(294)	(294)
Other assets and liabilities	5.5	(11)	(11)
Value of equity		**2,369**	**2,854**
Fully diluted shares on issue (millions)[7]		2,905.5	2,905.5
Value per share		**$0.82**	**$0.98**
Value per share (A$, converted at A$1=US$0.65)		**A$1.26**	**A$1.51**

The value represents the estimated full underlying value of Alumina (and AWAC) assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Alumina shares to trade on the ASX in the absence of a takeover offer.

The valuation of Alumina reflects its 40% share of the full underlying value of AWAC. It does not allow for any discount for a minority interest but it excludes synergies at the AWAC level that are unique to Alcoa. However, it does include synergies that any acquirer of Alumina would be able to achieve (net of any one off implementation costs). For the valuation of Alumina, it has been assumed that an amount equal to 100% of corporate costs (including listed company costs and other corporate overheads) could be saved by any acquirer and, consequently, no allowance has been made in the valuation of Alumina for corporate costs.

- **The value of Alumina reflects the value of its 40% interest in AWAC, which has been valued in the range $6,685-7,897 million (on a 100% basis)**

  The valuation of AWAC is summarised below:

AWAC - VALUATION SUMMARY ($ MILLIONS)

	FULL REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
Value of business operations	5.3.2	6,500	7,500
Other assets and liabilities	5.3.3	(90)	122
Enterprise value of AWAC (100% basis)		**6,410**	**7,622**
Adjusted net cash as at 31 December 2023	5.3.4	275	275
Value of AWAC equity (100% basis)		**6,685**	**7,897**
% held by Alumina		40%	40%
Value of Alumina's interest in AWAC equity		**2,674**	**3,159**

[7] Fully diluted shares on issue assumes that the vesting of 3,057,645 in performance rights and 1,078,577 in conditional rights is satisfied by the issue of new Alumina shares (less available treasury shares of 316,725).

The principal approach to valuing AWAC's business operations was by DCF analysis (including consideration of the NPV outcomes of various DCF scenarios), with multiples analysis (earnings and capacity) used as a cross check.

The valuation of AWAC's business operations is fundamentally dependent on Grant Samuel's judgement as to key assumptions adopted for valuation purposes, including alumina and aluminium prices. Future commodity prices are inherently uncertain and shareholders could reasonably form a view that different commodity price assumptions are warranted which, in turn, could lead to a different conclusion. In particular, the NPV outcomes from AWAC's business operations are extremely sensitive to changes in commodity prices. A $10/t change in alumina prices would impact EBITDA by around $90 million (and NPV by more than $700 million).

Grant Samuel has determined an appropriate value range for AWAC taking into account the NPV outcomes of the various scenarios and the evidence from other methodologies (i.e. multiples of earnings and capacity). The value is not based on any one scenario or set of assumptions.

The valuation of AWAC allows for other assets and liabilities such as:

- tax disputes with Australian and Brazil tax authorities;
- AWAC's equity accounted investments (i.e. Ma'aden Bauxite and Alumina Company and Halco (Mining) Inc.); and
- other surplus assets and liabilities not included in the cash flows (e.g. environmental remediation liabilities and pension related items).

- **The DCF analysis for AWAC's business operations considers a number of scenarios that reflect the impact on value of key assumptions such as production volumes, commodity prices, unit production costs and capital expenditure**

The DCF model developed by Grant Samuel uses the Alumina Corporate Model as a framework. The DCF analysis:

- projects after tax cash flows from 1 January 2024 to 31 December 2040, with a terminal value calculated to represent the value of cash flows in perpetuity (using a terminal growth rate of 2.0%);
- assumes real ($ 2024 basis) alumina prices of $370-400/t, which decline to around $350-385/t over the long term. Real ($ 2024 basis) aluminium prices are assumed to follow a similar trajectory and decline from $2,300-2,500/t to $2,200-2,400/t over the long term[8];
- reflects the cash flows from AWAC's alumina refining and aluminium smelting operations in Australia, Brazil and Spain but excludes cash flows from its equity accounted investments (which are valued separately);
- considers a number of scenarios that make different assumptions in relation to the commodity prices and other key drivers of revenue and earnings (see below for further details); and
- assumes a nominal discount rate of 10.5-11.0%.

The NPV outcomes and Grant Samuel's value range for AWAC's business operations are depicted below:

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[8] Grant Samuel's alumina and aluminium pricing assumptions for the DCF analysis take into account prices up to 30 April 2024. Refer to the discussion on page 9 of this letter for the impact of higher current alumina and aluminium prices on the DCF analysis.

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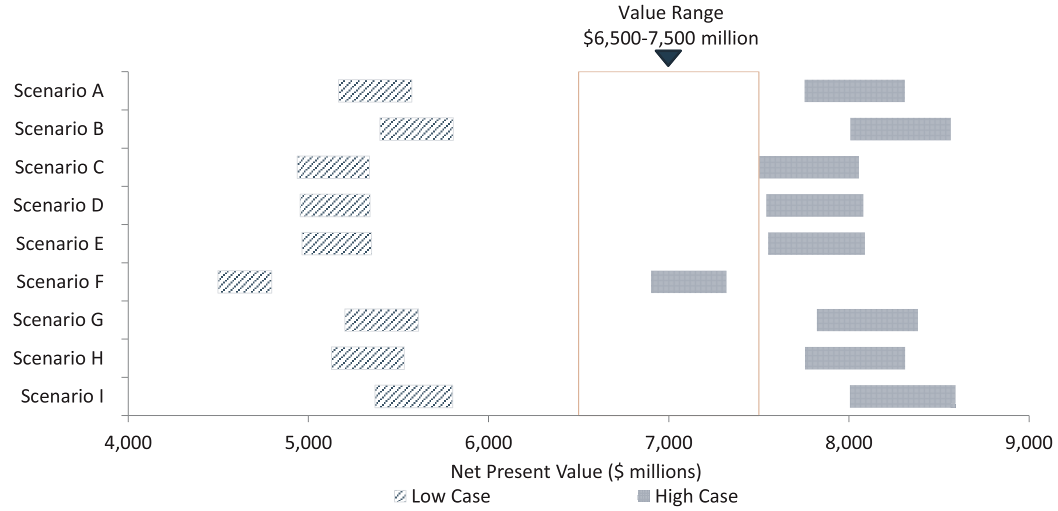
AWAC'S BUSINESS OPERATIONS – NPV OUTCOMES



Grant Samuel has considered the NPV outcomes for all the scenarios in determining its value range for AWAC's business operations. However, the weight given to each scenario in considering the value range was subjective and not capable of being expressed in percentage terms.

The chart above demonstrates that the NPV of AWAC's business operations is extremely sensitive to commodity price assumptions (particularly for alumina) which have a significant impact on profitability. For the Low Case scenario, the average margin per tonne (real $ 2024) over the projection period is approximately $125/t, which increases to around $160/t under the High Case scenario. The profitability levels represent a step change from the recent financial performance of the business (which has seen margins fall over the last five years from around $126/t in CY19 to around $44/t in CY23, albeit from a peak of $220/t in CY18) as its two highest cost refineries (i.e. Kwinana and San Ciprián) are assumed to be curtailed and no longer contributing to EBITDA. Scenario B shows the sensitivity of the NPV outcomes even for a temporary shift in alumina price.

The NPV outcomes are generally less sensitive to individual changes to operating and capital cost parameters (than to changes in alumina prices). Scenario D considers the potential impact on input costs from higher bauxite mining costs and caustic soda costs. Scenario E considers the sensitivity of NPVs to higher gas prices following the expiry of existing gas supply agreements post-2031. However, these scenarios are not mutually exclusive and, in the event that more than one of the scenarios occur, the impact on NPVs would be compounded.

The NPV also changes with production volumes. Scenario I shows potential upside from alumina production "creep" while Scenario G shows the effect of restoring production levels at Portland. At the same time, the NPV outcomes are sensitive to certain production risks including:

- a delay in accessing the higher grade mining areas in Western Australia (see Scenario C);
- renewing the mining concession in Western Australia beyond 2045 (see Scenario F); and
- an extension of San Ciprián's operating life absent any structural changes to its financial position given its loss making status (see Scenario H).

Grant Samuel believes that the NPV outcomes produced by the DCF analysis support a value range of $6,500-7,500 million for AWAC's business operations. The value range is skewed towards the NPV outcomes for the High Case scenarios as they reflect the strong alumina price environment.

NPV outcomes from the DCF analysis are subject to significant limitations and should always be treated with considerable caution. A wide array of credible assumptions for AWAC could be adopted but that would result in a valuation range that was so wide as to be of little value to shareholders in making a decision about the Scheme. Accordingly, Grant Samuel has utilised assumptions, particularly for commodity prices, that fall in a relatively narrow range. Even then, the sensitivity of AWAC's earnings means that the range of NPV outcomes produced by the scenarios is considerably wider than the value range Grant Samuel has placed on AWAC's business operations.

- **The assessed value of the Scheme consideration is $0.94-1.06 per Alumina share (A$1.45-1.62 per share) based on an Alcoa stock price of $33.00-37.00**

ASIC Regulatory Guide RG111 requires the Scheme consideration to be assessed assuming the transaction is completed, based on the value shareholders are receiving today rather than at the time of announcement and on a "minority interest" basis in the case of a change of control transaction. The best estimate of a minority interest is the market price of the Scheme consideration on stock exchanges (but subject to determining that this market price is not distorted or unreliable and reflects the impact of the transaction).

The analysis is directed to the "cash equivalent" value of the Scheme consideration. It is an entirely different matter for individual shareholders to determine whether to hold or sell the Alcoa stock that they receive under the Scheme, which is a separate investment decision for individual shareholders with much broader ramifications.

Having regard to these requirements, Grant Samuel has attributed a value of $0.94-1.06 per Alumina share (equivalent to A$1.45-1.62 per share at an exchange rate of A$1=$0.65) to the Scheme consideration based on an estimated market value for Alcoa stock of $33.00-37.00 on a post transaction basis[9]. The estimated market value for Alcoa stock is materially higher than the closing Alcoa stock price immediately prior to announcement of the Indicative Proposal on 23 February 2024 (of $26.52). The Alcoa stock price increased by more than 30% since the announcement (up to 30 April 2024) which is likely due to a combination of factors including:

- the circa 20% uplift in aluminium prices since announcement of the Indicative Proposal, combined with the inherent operating leverage of the smelting business; and
- the benefits of the transaction.

While there has been a sustained increase in Alcoa's stock price since announcement of the Indicative Proposal and the Scheme, there is no specific evidence to suggest that recent Alcoa stock prices do not reflect the rational view of a well informed market or that Alcoa is trading materially out of line with its peers or the market. In this context, Alcoa already consolidates AWAC so the financial implications of the Scheme should have been relatively easy to assess. While some factors (such as relatively high adjusted forecast EBITDA multiples and higher average weekly trading volumes in Alcoa stock) indicate that there may be some risk of downward pressure on Alcoa's stock price, this is reflected in Grant Samuel's assessment of the value of Alcoa stock (although target prices are relevant to longer term Alcoa stock prices (e.g. in 12 months' time) rather than the stock price at the time that the Scheme is implemented).

The assessed value of Alcoa stock relative to recent Alcoa stock prices is show below:

9 Grant Samuel's assessment of the value of the Scheme consideration takes into account Alcoa stock prices up to 30 April 2024. Refer to the discussion on page 9 of this letter for the impact of the higher current Alcoa stock price on the fairness of the Scheme.

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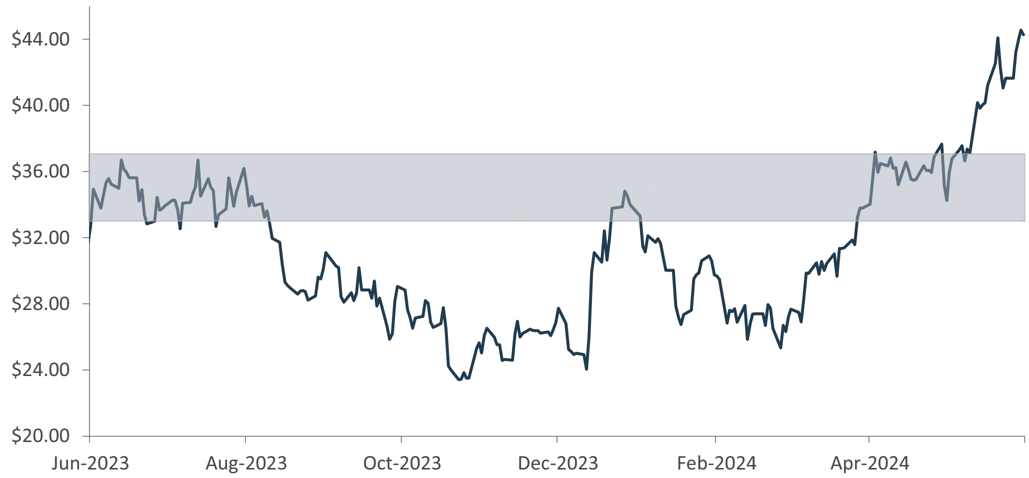
ASSESSED VALUE OF ALCOA STOCK VS HISTORICAL ALCOA STOCK PRICE

1 JUNE 2023 TO 31 MAY 2024



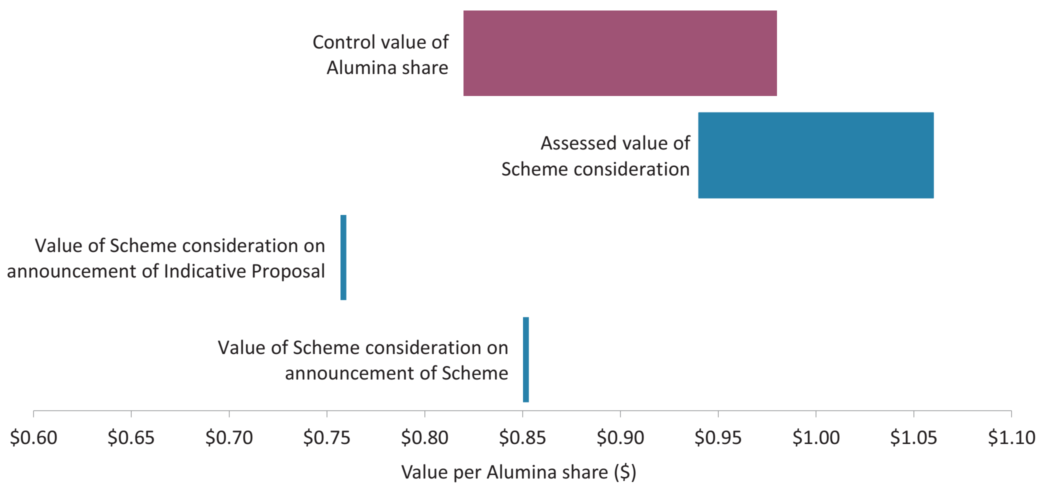
Source: Bloomberg

Accordingly, the value of the Scheme consideration is $0.94-1.06 per Alumina share. The realisable value of the Scheme consideration will fluctuate with movements in the Alcoa stock price. The actual value of the consideration received by Alumina shareholders may ultimately be greater or less than the range of values assessed by Grant Samuel of $0.94-1.06 per Alumina share. Shareholders should monitor the Alcoa stock price up to the Scheme meeting date.

- **As the assessed value of the Scheme consideration overlaps with the full underlying value of Alumina, the Scheme is fair**

The bottom end of the assessed value of the Scheme consideration of $0.94 (equivalent to A$1.45) overlaps with the top end of Grant Samuel's estimate of the full underlying value of Alumina:

ALUMINA – COMPARISON OF VALUE RANGE AND SCHEME CONSIDERATION



In evaluating the fairness of the Scheme, the bottom of the valuation range for Alumina (i.e. $0.82 or A$1.26) represents the relevant threshold for fairness. Usually (and particularly for a cash offer), the value of the consideration would only need to be above the bottom end of the valuation range for the transaction to be "fair".

However, the Scheme is a scrip offer and Grant Samuel's assessment of the value of the consideration is based on a range of trading values for Alcoa stock. Fairness in these circumstances would require (at minimum) a meaningful degree of overlap with the value range for Alumina (if the value of the consideration is towards the low end of the valuation range for Alumina). As can be seen in the chart, the vast majority of the assessed value of the Scheme consideration exceeds Grant Samuel's estimate of the full underlying value of Alumina, largely due to the surge in the Alcoa stock price subsequent to the announcement of the Indicative Proposal. The Scheme is therefore demonstrably fair.

In any event, the Alcoa stock price would need to fall below $28.73 (an 18% fall from the closing share price on 30 April 2024 and a 35% fall from the closing share price on 31 May 2024) before the value of the consideration was below the bottom end of the Alumina value range. In addition, to the extent that any fall in Alcoa's stock price reflected industry wide circumstances, it is likely that the value of Alumina would also be lower.

At the same time, shareholders should recognise that both the valuation of Alumina and the assessment of the market value of the Scheme consideration are subject to material uncertainty. Shareholders could reasonably reach different conclusions based on the same information.

Subsequent to Grant Samuel completing its draft independent expert's report in early May 2024 (which was provided to Alumina and then to ASIC), commodity and stock prices have increased such that:

- current commodity prices (of $478/t for alumina and $2,607/t for aluminium on 31 May 2024) are above those assumed by Grant Samuel in CY24 for the High Case scenario in its DCF analysis (of $400/t for alumina and $2,500/t for aluminium); and
- the current Alcoa stock price (of $44.27 on 31 May 2024) is well above the top end of the range of Alcoa stock prices adopted by Grant Samuel to assess the value of the Scheme consideration (of $37.00).

In this regard, shareholders should note that:

- current commodity prices are spot prices and are not necessarily the same as the long term prices that an arm's length acquirer of AWAC's assets would adopt (which may be more conservative);
- the recent upsurge in the alumina price may reflect temporary factors such as the curtailment of Kwinana and Rio Tinto's declaration of a force majeure over its Queensland alumina operations in response to gas supply shortages;
- in estimating future cash flows, the most relevant factor is the long term sustainable margin rather than the commodity price assumed and in Grant Samuel's view, the average margins in the DCF analysis (of $125/t in the Low Case scenario and $160/t in the High Case scenario, both in real $ 2024) are towards the upper end of what would be considered sustainable over the long term; and
- even if the DCF analysis adopted higher commodity prices and a higher Alcoa stock price was used to determine the value of the Scheme consideration, there would be no change to Grant Samuel's opinion that the Scheme is fair. In fact, the higher prices (particularly the higher Alcoa stock price) would reinforce the fairness of the Scheme.

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- **There are alternative frameworks that are useful in assessing the merits of the Scheme**

  An alternative framework for assessing the value implications for Alumina shareholders is to analyse the evidence from sharemarket prices and other financial parameters. The sharemarket provides an unbiased view of value that represents the consensus of thousands of market participants.

  In this context, the alternative frameworks can shed light on:

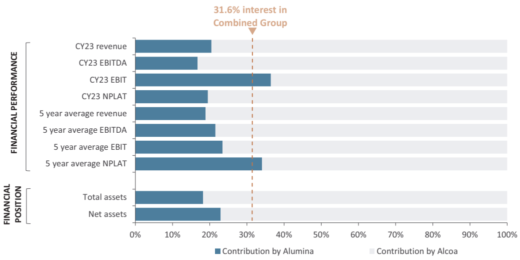
  - the relative sharemarket value contributions from Alumina and Alcoa shareholders to the Combined Group; and
  - the relative contributions from Alumina and Alcoa shareholders based on other financial parameters (albeit the analysis is subject to significant limitations as to reliability).

  The following charts clearly illustrate that Alumina shareholders are "receiving" more than they are "contributing" to the Combined Group (in the terms of sharemarket value and financial parameters) if the Scheme is implemented:

RELATIVE CONTRIBUTIONS TO THE COMBINED GROUP

SHAREMARKET CONTRIBUTION

FINANCIAL PARAMETERS



  Another perspective from which to assess the Scheme is that Alumina shareholders are giving up 8.4% of AWAC (and transferring a share of Alumina's debt) to acquire a 31.6% equity interest in Alcoa's non-AWAC assets. The analysis calculates the effective price paid by Alumina shareholders for the non-AWAC assets based on the market price of Alumina shares just before announcement of the Indicative Proposal (as a measure of the "cost"). The notional cost can be compared to the price to implied earnings multiples and industry rules of thumb such as implied capacity multiples (which can be a useful proxy for assessing investment "entry" points for exposure to the aluminium industry either through established aluminium producing operations such as Alcoa's non-AWAC assets or greenfield projects).

  The market evidence suggests that the Scheme offers a relatively less expensive option for Alumina shareholders to gain an exposure to the primary aluminium element of the value chain as the implied capacity multiple of around $1,100/t is below the:

  - capacity multiples implied by the share price of Century Aluminum Limited (at around $1,995/t), which is the only listed comparable company that approximates a "pure play" aluminium producer; and
  - "rule of thumb" replacement costs for aluminium smelters in developed western markets which are estimated to be at least $3,000-4,000/t. The gap widens further once development risks for new smelting capacity are factored in (e.g. securing energy and upstream alumina supply, uncertain planning and approval processes, etc.).

  The earnings multiples of around 4 times five year historical average EBITDA are also undemanding relative to the implied multiples for other global aluminium producers (generally in excess of 5 times historical EBITDA).

While the analyses contemplated under these alternative assessment frameworks are unavoidably simplistic, they collectively are supportive of the "fairness" of the Scheme.

- **The Scheme does have some disadvantages and risks for shareholders who choose to retain their interest in Alcoa**

  As the Scheme is fair, it is also reasonable. However, notwithstanding the strong strategic merits of the Scheme, there are some disadvantages and risks including the following:

  - the exposure to the aluminium smelting business involves:
    - a more volatile industry (relative to alumina) with a higher degree of operating leverage;
    - greater risks around carbon emissions and the potential costs of resolving them (albeit that Alcoa's portfolio is well positioned); and
    - a business that has had weak cash generation and has historically incurred significant one-off costs;
  - Alcoa has a relatively high level of debt and substantial pension and other postretirement benefit liabilities (although these have been mitigated over the last few years) as well as asset retirement and environmental liabilities. Its credit rating was recently downgraded to below investment grade by all three major ratings agencies (as was Alumina's);
  - the stock price of Alcoa has historically demonstrated high levels of volatility reflecting its exposure to the primary aluminium industry and the company's level of gearing. It is likely that the market price of Alcoa stock (and therefore CDIs) will be more volatile than the Alumina share price;
  - Alumina's franking credit balance ($493 million at 31 December 2023) will be effectively "lost" and future dividends from Alcoa will be unfranked (and may be subject to withholding tax). However, shareholders need to recognise that the outlook for dividends from Alumina in the short term is highly uncertain given the expected cash demands over the next few years and the likely need to reduce Alumina's gearing;
  - shareholders will own stock in a United States incorporated entity (governed by Delaware law and NYSE rules) that operates under a different regime in terms of governance, takeover rules and shareholder protections. In a number of respects, those rules are less favourable for shareholders than Australian rules. However, the United States is clearly regarded as a satisfactory jurisdiction by the world's leading investors;
  - Alumina shareholders will hold (at least initially) their Alcoa stock through CDIs listed on the ASX which will carry risks relating to liquidity. CDI programmes have a mixed track record. However:
    - arbitrage means that the trading price of Alcoa CDIs should closely track the price of Alcoa stock on the NYSE;
    - any decline in liquidity in the CDIs will probably only impact institutional and other larger holders;
    - any shareholder, but particularly institutional holders will be able to convert CDIs into Alcoa stock and trade on the NYSE (where there is a deep, liquid market for Alcoa stock); and
    - Alcoa has committed to maintaining the CDI programme for at least ten years; and
  - some shareholders with mandates restricted to Australian companies will be forced to sell their interests (as will ineligible foreign shareholders).

In Grant Samuel's view, these disadvantages and risks are outweighed by the advantages and benefits.

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4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Alumina shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Scheme Booklet issued by Alumina in relation to the Scheme.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of Alumina. In any event, the decision whether to vote for or against the Scheme is a matter for individual shareholders, based on their own views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Alumina or Alcoa. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully
GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

FINANCIAL SERVICES GUIDE
AND
INDEPENDENT EXPERT'S REPORT
IN RELATION TO THE PROPOSAL BY
ALCOA CORPORATION

GRANT SAMUEL & ASSOCIATES PTY LIMITED
ABN 28 050 036 372

7 JUNE 2024

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FINANCIAL SERVICES GUIDE

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No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Alumina Report.

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> ***"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Alumina or Alcoa or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.***
>
> ***Grant Samuel had no part in the formulation of the Scheme. Its only role has been the preparation of this report.***
>
> ***Grant Samuel will receive a fixed fee of A$950,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.***
>
> ***Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."***

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All references to $ in this report are reference to United States dollars unless stated otherwise (e.g. Australian dollars are specifically shown as A$).

Technical terms and other abbreviations used in this report (including the summary letter, the full report and the appendices) have the meanings set out in the Glossary of Abbreviations and Technical Terms included as Appendix 1 to this report.

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1 Overview of the Scheme

On 12 March 2024, Alumina Limited ("Alumina") announced that it had entered into a scheme implementation deed with Alcoa Corporation ("Alcoa") in relation to a proposal for AAC Investments Australia 2 Pty Ltd (a wholly owned subsidiary of Alcoa) to acquire 100% of the fully paid ordinary shares in Alumina by way of a scheme of arrangement ("Scheme").

Alcoa is a global industry leader in the mining of bauxite and the production of alumina and aluminium[1] products. It is listed on the NYSE and had a market capitalisation of approximately $7.9 billion (A$12 billion). Alcoa owns a 60% interest in the Alcoa World Alumina and Chemicals joint venture ("AWAC") and is also the manager and operator of AWAC's global operations (as well as owning other non-AWAC[2] assets). Alumina's sole investment is a 40% interest in AWAC.

Under the Scheme, eligible Alumina shareholders will receive 0.02854 shares of Alcoa common stock (in the form of CHESS Depository Interests ("CDIs")) for each Alumina share held.

On implementation of the Scheme, Alumina shareholders will own approximately 31.6% of the merged Alcoa and Alumina group (the "Combined Group") and existing Alcoa stockholders will own approximately 68.4% of the Combined Group[3].

In addition, Alcoa has agreed to:

- establish a foreign exempt listing on the ASX which would enable Alumina shareholders to trade shares of Alcoa common stock through CDIs on the ASX; and
- appoint two existing Alumina directors who are Australian residents or citizens to the Alcoa board of directors following implementation of the Scheme[4].

Ineligible foreign shareholders[5] will not receive Alcoa CDIs. The shares of Alcoa common stock which they would have otherwise received under the Scheme will be sold on the NYSE and they will receive the net cash proceeds (i.e. after deduction of any applicable brokerage, stamp duty and other selling costs, taxes and charges).

On 20 May 2024 (New York time), Alcoa announced that it had entered into an agreement with Alumina to amend the scheme implementation deed in relation to China International Trust and Investment Corporation and its subsidiaries ("CITIC"), which holds approximately 19% of Alumina shares. Under the amendment to the scheme implementation deed, Alcoa has agreed to issue shares of Alcoa preferred stock to CITIC in lieu of the Alcoa CDIs that CITIC would have otherwise received in the aggregate in excess of 4.5% of the Combined Group to enable CITIC to comply with the *Bank Holding Company Act of 1956* (which prohibits CITIC, as the owner of certain banking assets in the United States, from holding more than 5% of any class of voting shares in a United States public company. If the Scheme is implemented, CITIC's interest

1 Aluminum and aluminium are references to the same product. Both names are commonly used and considered to be correct. Aluminum is widely used in North America whereas in the rest of the world, aluminium is the more common spelling. Aluminium has been used throughout this report for simplicity (except where the word is part of the name of a company).

2 Alcoa's non-AWAC assets primarily comprise its global portfolio of aluminium smelters and a portfolio of energy production assets (excluding AWAC's 55% interest in the Portland aluminium smelter but including the Poços de Caldas bauxite mine and alumina refinery in Brazil and Alcoa's 14.04% interest in the Alumar alumina refinery in Brazil).

3 Based on the shares on issue on 23 February 2024 (the last trading day prior to announcement of the Scheme). On a fully diluted basis (including stock options, stock units, conditional and performance rights), Alumina shareholders will own 31.25% of the Combined Group.

4 The identity of the individuals will be mutually agreed by Alcoa and Alumina and their appointment is subject to customary questionnaires and background checks.

5 Ineligible foreign shareholders are Alumina shareholders whose registered address is a place outside Australia and its external territories, British Virgin Islands, Norway, Canada, Hong Kong, New Zealand, Singapore, Switzerland, the European Union, the United Arab Emirates, the United Kingdom or the United States (unless otherwise agreed by Alcoa and Alumina, each acting reasonably), unless Alcoa (after consultation with Alumina) determines that it is lawful and not unduly onerous or unduly impractical to issue that Alumina shareholder with Alcoa CDIs on implementation of the Scheme.

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in Alumina would have resulted in the issue of Alcoa CDI's to CITIC representing an approximate 6.0% interest in the Combined Group. Consequently, it has been agreed that CITIC will be issued with Alcoa CDI's representing a 4.5% interest in the Combined Group and shares of Alcoa preferred stock representing an approximate 1.5% interest in the Combined Group. The shares of Alcoa preferred stock will have no voting rights (except in limited circumstances) but will participate in dividends on the same basis as shares of Alcoa common stock (and Alcoa CDIs) and will be convertible into shares of Alcoa common stock on a one for one basis.

The Scheme followed a number of earlier indicative proposals from Alcoa and a period of negotiation which included the mutual provision of commercial, financial and legal due diligence and culminated in the receipt of a non-binding, indicative and conditional proposal from Alcoa to acquire 100% of the fully paid ordinary shares in Alumina on the same terms as the Scheme ("Indicative Proposal"). Alumina announced receipt of the Indicative Proposal on 26 February 2024 and entered into a Transaction Process and Exclusivity Deed with Alcoa (and certain subsidiaries) which granted Alcoa a 20 business day period of exclusivity during which the scheme implementation deed was negotiated.

At the time of providing the Indicative Proposal, Alcoa informed Alumina that Allan Gray Australia Pty Ltd[6] ("Allan Gray"), Alumina's largest shareholder, had entered into a conditional share sale agreement with Alcoa that gives Alcoa the right to acquire up to a 19.9% interest in Alumina for a consideration of 0.02854 shares of Alcoa common stock (in the form of CDIs) for each Alumina share. However, on 20 May 2024 (New York time), Alcoa announced that Allan Gray had confirmed that it continued to be supportive of the Scheme and that, in light of that confirmation, Alcoa and Allan Gray had terminated the conditional share sale agreement in accordance with its terms.

The Scheme is subject to a number of conditions that are set out in detail in Section 3.5 of the Scheme Booklet to be sent by Alumina to its shareholders ("Scheme Booklet") including approval by Alumina's shareholders under Section 411 of the Corporations Act ("Section 411") and approval by Alcoa's stockholders authorising the issuance of shares of Alcoa common stock as consideration under the Scheme. The Scheme is also subject to receipt of confirmation of an ATO ruling for scrip-for-scrip rollover relief as well as regulatory approval from the Australian Treasurer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Other elements of the scheme implementation deed include:

- Alumina and Alcoa are subject to customary exclusivity obligations, including "no-shop", "no-talk", "no due diligence" restrictions (subject to customary fiduciary exceptions). Alumina also has notification obligations in relation to competing proposals and Alcoa has a matching right in relation to any superior proposal received by Alumina. These provisions apply from 12 March 2024 until the earlier of implementation of the Scheme, termination of the scheme implementation deed and 31 December 2024 (or such other date as is agreed by Alcoa and Alumina);
- break fees are payable by Alumina ($22 million) and Alcoa ($20 million in the event that Alcoa fails to obtain the required Alcoa stockholder approval and $50 million in all other instances) in certain circumstances; and
- Alumina must ensure that no Alumina employee share rights (i.e. conditional rights and employee share plan entitlements) are outstanding on the date the Scheme becomes effective. The Alumina Board may exercise its discretion to accelerate the vesting and/or cash settle all outstanding Alumina employee share rights and/or cancel any employee share rights that do not vest or are not converted to Alumina shares/cash settled.

[6] And its related bodies corporate as investment manager for the funds or investment mandates it manages.

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The Independent Non-Executive Directors and Managing Director and Chief Executive Officer ("CEO") of Alumina[7] have recommended that Alumina shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Alumina shareholders. Subject to the same qualifications, the Independent Non-Executive Directors and Managing Director and CEO of Alumina intend to vote all Alumina shares which they hold or control in favour of the Scheme.

---

[7] The Non-Independent Non-Executive Director of Alumina, Mr Chen Zeng, has abstained from making a recommendation. Mr Zeng is the Chair and CEO of CITIC Pacific Mining Pty Ltd ("CITIC Pacific Mining") and CITIC Mining International, the holding company of CITIC Pacific Mining and is also the Chairman of CITIC Australia. The CITIC group of companies (through CITIC Resources Holdings Limited and CITIC Group Corporation) is a substantial shareholder in Alumina, with an 18.9% interest.

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2 Scope of the Report

2.1 Purpose of the Report

Under Section 411 the Scheme must be approved by a majority in number (i.e. more than 50%) of each class of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by Alumina shareholders, the Scheme will then be subject to approval by the Federal Court of Australia.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion.

Although there is no requirement in the present circumstances for an independent expert's report pursuant to the Corporations Act or the ASX Listing Rules, the directors of Alumina have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is in the best interests of Alumina shareholders and to state reasons for that opinion.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Alumina shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Scheme Booklet issued by Alumina in relation to the Scheme.

Voting for or against the Scheme is a matter for individual shareholders based on their views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

2.2 Basis of Evaluation

There is no legal definition of the expression "in the best interests". However, ASIC has issued Regulatory Guide 111 ("RG111") which establishes guidelines in respect of independent expert's reports. RG111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders (being the opinion required under Part 3 of Schedule 8). Where a proposal is "not fair but reasonable", it is still open to the expert to conclude that the proposal is in the best interests of members the company. For non control transactions, fair and reasonable is deemed to be a single compound phrase and the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. If the advantages outweigh the disadvantages, a proposal would be in the best interests of shareholders.

As the Scheme consideration is 100% scrip, it could be argued to be a "merger of equals" in which case the appropriate analysis would be to compare the value of both entities on the same basis (as suggested in RG111.31). The Scheme has features that are often seen in mergers (e.g. an all scrip transaction, directors

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of the target joining the board of the bidder and the relatively modest premium of 13%[8] over the Alumina share price immediately prior to announcement of the Indicative Proposal). However, from the perspective of Alumina shareholders, there are several factors that infer that there is a "change of control" of Alumina in favour of Alcoa under the Scheme:

- Alumina shareholders will collectively comprise only approximately 31.6% of the Combined Group;
- the Alcoa Board will invite two current Alumina directors to join the Alcoa Board, but these will represent only two out of a total of twelve Alcoa directors; and
- cost synergies of circa $12.5 million per annum are anticipated (mostly related to Alumina's corporate overheads).

While it is important to distinguish control at a management/board level from control at a shareholder level, having regard to these factors, Grant Samuel considers it appropriate to evaluate the Scheme as a control transaction. It is economically the same as a takeover offer and control of the Combined Group will not be equally shared between the "bidder" (in this case Alcoa) and the "target" (Alumina).

For a control transaction, fairness typically involves a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. In contrast, the consideration is valued at its "market" value (i.e. the cash equivalent value a minority shareholder could realise for its holding).

However, there are various unusual features of the transaction that raise challenges in analysing it from the normal perspectives. These include the following:

- Alumina's only investment is a 40% interest in AWAC while Alcoa owns the remaining 60% and is the manager and operator of AWAC's global operation (and therefore already has day to day control of the business);
- Alumina shareholders are clearly selling control of the company but they do not have, and therefore are not selling, control of the underlying asset (AWAC). Alumina is only a 40% minority holder, although it does have various protections (such as veto rights) as set out in Section 4.2. It could therefore be argued that Alumina's 40% interest should not be valued at the full underlying value of AWAC but instead be discounted in some way to reflect its lack of control. In contrast, the value of Alcoa's interest should reflect its effective control but it could also be argued that it should not be a "full" control value as Alcoa does not have unfettered control of AWAC (as a result of Alumina's rights). In this respect, the aggregate of Alumina's and Alcoa's interest in AWAC could be less than the value of 100% of AWAC.

  On the other hand:

  - the economics of an investment is identical (per percentage point) for both Alcoa and Alumina;
  - as a result of the transaction Alcoa will gain access to 100% of AWAC and, on this basis, it could be argued that the appropriate valuation of AWAC is a full control value; and
  - at one level, the Scheme could be viewed as a "minority buyout";
- relative value could be seen as just as relevant as absolute value given that a major asset of each company is a share in the same asset (AWAC). Shareholders in both entities will mostly own the same asset they owned before (albeit in slightly different proportions);

[8] Based on Alumina's share price on 23 February 2024 of $1.02 and assuming a US$/A$ exchange rate of 0.655.

- the Alcoa stock that Alumina shareholders will receive is effectively an investment in what they already own plus the non-AWAC assets owned by Alcoa which are largely aluminium smelters (and some power plant interests). One way of looking at the economics of the transaction is that shareholders are "giving up" an 8.4% interest in AWAC[9] (by collectively going from a 40% interest in AWAC through Alumina to owning 31.6% of an expanded Alcoa that owns 100% of AWAC) in exchange for a 31.6% interest in Alcoa's non-AWAC assets (net of any non trading liabilities);
- in view of the structure of Alumina and AWAC and the terms of the joint venture (including the change of control provisions), Alcoa is the most logical (if not only realistic) acquirer of Alumina; and
- the Scheme does not necessarily represent the only opportunity for Alumina shareholders to receive a control premium (as it would be with a cash offer). While Alcoa is one of the world's leading integrated producers of aluminium, the proforma market capitalisation of the Combined Group is only slightly over $10 billion and Alcoa's share register is relatively "open". Accordingly, there is a prospect that Alcoa stockholders (including Alumina shareholders) could receive a takeover offer (including a control premium) at some time in the future (although there is no guarantee that this will occur).

Having regard to all of the above points, Grant Samuel has concluded that the best way to assess the transaction is to:

- estimate the full underlying value of 100% of AWAC and value Alumina's 40% interest on that basis, allowing for any other assets and liabilities;
- assess the consideration (shares of common stock in Alcoa) in terms of its market value (generally based on the stock price); and
- determine whether the Scheme is fair by comparing the consideration to the underlying value of Alumina (as calculated above).

The Scheme will be fair if the assessed value of the consideration falls within the estimated underlying value range of Alumina.

At the same time, Grant Samuel has undertaken an alternative analysis that examines the relative valuation issues. These analyses look at relative contributions through two lenses:

- the relative contributions of market value over time and other financial parameters (such as revenue, earnings, assets, liabilities and net assets) compared to the terms of the Scheme; and
- the value parameters of the implied trading value of the non-AWAC assets acquired through the transaction.

Reasonableness involves an analysis of other factors that shareholders might consider prior to accepting an offer. Fairness is a more demanding criteria. A "fair" offer will always be "reasonable" but a "reasonable" offer will not necessarily be "fair". An offer could be considered "reasonable" if there were valid reasons to accept the offer notwithstanding that it was not "fair". A fair offer is one that reflects the full market value of a company's businesses and assets. An offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the offer price. This is commonly the case where the bidder already controls the target company. In that situation, the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

In considering whether the Scheme is reasonable, the factors that have been considered include:

- the existing shareholding structure of Alumina including significant shareholdings and beneficial interests already held by Alcoa in both Alumina and AWAC;

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9 From the perspective of Alumina shareholders, they are also transferring a 68.4% of Alumina's debt to Alcoa shareholders.

- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Alumina shares in the absence of the Scheme; and
- other advantages and disadvantages for Alumina shareholders of approving the Scheme.

2.3 Sources of Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Scheme Booklet (including earlier drafts);
- annual reports of Alumina for CY19 to CY23;
- annual reports of Alcoa for CY19 to CY23, including the:
  - S-K 1300 Report Technical Report Summary on the Darling Range, Western Australia as at 31 December 2023 prepared for Alcoa by SLR International Corporation; and
  - S-K 1300 Report Technical Report Summary on the Juruti Bauxite Mine, Brazil as at 31 December 2021 prepared for Alcoa by SLR International Corporation;
- Alcoa's 1Q24 results announcement (dated 17 April 2024) and Alcoa's Form 10Q quarterly report for 1Q24 (dated 2 May 2024);
- combined financial statements and supplementary combining information for AWAC for CY19 to CY23;
- Alcoa's proxy statement filed with the SEC in relation to stockholder approval for the issue of shares of common stock of Alcoa associated with the proposed acquisition of all of the shares of Alumina ("Alcoa's Proxy Statement");
- press releases, public announcements, media and analyst presentation material and other public filings by Alumina and Alcoa including information available on their websites (e.g. technical reports);
- brokers' reports and recent press articles on Alumina and Alcoa as well as the aluminium sector;
- sharemarket data and related information (including public releases) on Australian and international listed companies engaged in the aluminium sector and on acquisitions of companies and businesses in this sector; and
- industry statistics and London Metals Exchange ("LME") aluminium price forecasts by various research houses.

Non Public Information provided by Alumina

- summarised term sheets for AWAC joint ventures agreements;
- historical operating performance of AWAC's assets;
- Alumina budgeted corporate overheads for CY24 prepared by Alumina management;
- Alumina corporate model for CY24 to CY40 prepared by Alumina (including projections for AWAC) ("Alumina Corporate Model");
- management reports and strategy documents; and
- other confidential documents, board papers, presentations and working papers.

In preparing this report, Grant Samuel has also held discussions with, and obtained information from, senior management of Alumina and its advisers.

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Non Public Information provided by Alcoa

- management presentation to Alumina dated 30 November 2023;
- select outputs from Alcoa's AWAC financial model for CY24 to CY32 prepared by Alcoa management in November 2023 but with certain overlays for subsequent events (up to 12 March 2024) such as the curtailment of the Kwinana refinery ("AWAC Financial Model Outputs");
- Financial Update – April Forecast prepared by Alcoa management and dated 18 April 2024, which included Alcoa's original CY24 plan ("AWAC CY24 Plan") and latest CY24 forecast ("AWAC CY24 Forecast") for both Alcoa's Alumina segment (by asset) and for the Portland smelter; and
- historical operating data for Alcoa's non-AWAC assets.

In preparing this report, Grant Samuel has also held discussions with, and obtained information from, senior management of Alcoa and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by Alumina and its advisers. Grant Samuel has considered and relied upon this information. Alumina has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Scheme is in the best interests of Alumina shareholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert's report. Grant Samuel is not in a position, nor is it practicable, to undertake its own "due diligence" investigation of the type undertaken by accountants, lawyers or other advisers.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Alumina or Alcoa. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

Alumina and Alcoa both provided financial projections for AWAC ("forward looking information") including the Alumina Corporate Model, the AWAC CY24 Plan and AWAC CY24 Forecast and AWAC 5 year forecasts derived from information included in Alcoa's Proxy Statement. Grant Samuel had regard to these projections in forming its views on valuation although none were relied on as a single basis of valuation and Grant Samuel made a number of assumptions (and adopted alternative assumptions) based on its own professional judgement.

SLR Consulting Limited ("SLR") was appointed as a technical specialist to review the bauxite mining operations of AWAC for Grant Samuel that underpin the long term financial projections for AWAC used as the basis for valuation. SLR (or its related entities) has previously prepared independent technical assessments of AWAC's bauxite mining assets. Specifically, it prepared "SK-1300 Reports" on AWAC's Western Australian (Darling Range) as at 31 December 2023 that was published by Alcoa on 21 February 2024 and its Brazilian (Juruti) mining operations as at 31 December 2021 that was published by Alcoa on 24 February 2022. SLR also prepared an update of the report for Juruti as at 31 December 2023 but the report was not published by Alcoa. These independent reports conform to United States Securities and Exchange Commission ("SEC") requirements and the mineral resource estimates were consistent with the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") and the Canadian Institute of Mining, Metallurgy & Petroleum definitions in NI 43-101. SLR believes it is independent for the purposes of assisting with this report.

AWAC's bauxite mining operations are more in the nature of an industrial process than a typical base or precious metal mining asset where the resource is confined to a specific location and has a limited period of economic extraction. For example, the Western Australian assets of AWAC have been operating for 60 years and are expected to continue to do so for several decades. Only a small proportion of the total mining lease area of approximately 7,000km^2 has been exploited to date. Production is not limited by the resource (which in any event has only been defined for a planning horizon of approximately ten years) but rather is limited by the productive capacity, and economic life, of the adjacent refinery. The mineral resource is an input into a broader alumina production process and does not have an independent value (e.g. AWAC does not sell any Western Australia bauxite to third parties). As a result, the operating cost and capital cost parameters ($/t) are best judged on an integrated "whole of business" basis (i.e. cash operating costs and capital expenditure). Accordingly, there is limited utility in a technical specialist report of the kind usually prepared for valuing mineral assets. For AWAC, SLR was engaged for a more limited purpose, which was to specifically to review:

- the reasonableness of bauxite production forecasts used in Grant Samuel's DCF analysis for AWAC's Huntly, Willowdale and Juruti bauxite mines, in particular the sustainability of production at these levels for a period of 40 years (at which point any additional present value is negligible) taking into account the potential for defining new resources (i.e. additional to current estimates) over time; and
- the operating and capital cost assumptions adopted for these mines in the explicit forecast period and advise on likely changes in the cost structure in the period beyond the explicit forecast period.

On the basis of the information provided to Grant Samuel and SLR, and the review conducted by Grant Samuel and SLR of this information, Grant Samuel has concluded that the forward looking information provided by Alumina and Alcoa was generally prepared appropriately and accurately based on the information available to Alumina and Alcoa management at the time and within the practical constraints and limitations of the forward looking information. Grant Samuel has also concluded that the forward looking information does not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise. However, the achievability of the forward looking information is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on

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assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable. Moreover, the forward looking information was not originally generated for, and may not be appropriate in the context of, a valuation of the assets of AWAC.

Grant Samuel has reviewed the sensitivity of net present values calculated from these cash flow models to changes in key variables. The analysis isolates a limited number of assumptions and shows the impact of the expressed variations to those assumptions. No opinion is expressed as to the probability or otherwise of those expressed variations occurring. Actual variations may be greater or less than those modelled. In addition to not representing best and worst outcomes, the sensitivity analysis does not, and does not purport to, show the impact of all possible variations to the business model. The actual performance of the business may be negatively or positively impacted by a range of factors including, but not limited to:

- variations to the assumptions other than those considered in the sensitivity analysis;
- greater or lesser variations to the assumptions considered in the sensitivity analysis than those modelled; and
- combinations of different variations to a number of different assumptions that may produce outcomes different to the combinations modelled.

In addition, the analysis does not take account of actions management may take in the event that trading conditions aligned with any particular set of assumptions.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the assessments by Alumina and its advisers with regard to legal, regulatory, tax and accounting matters relating to the Scheme are accurate and complete;
- the information set out in the Scheme Booklet sent by Alumina to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis (including information on Alcoa such as the Alcoa Proxy Statement) was accurate and not misleading;
- the Scheme will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Scheme are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

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3 Industry Overview

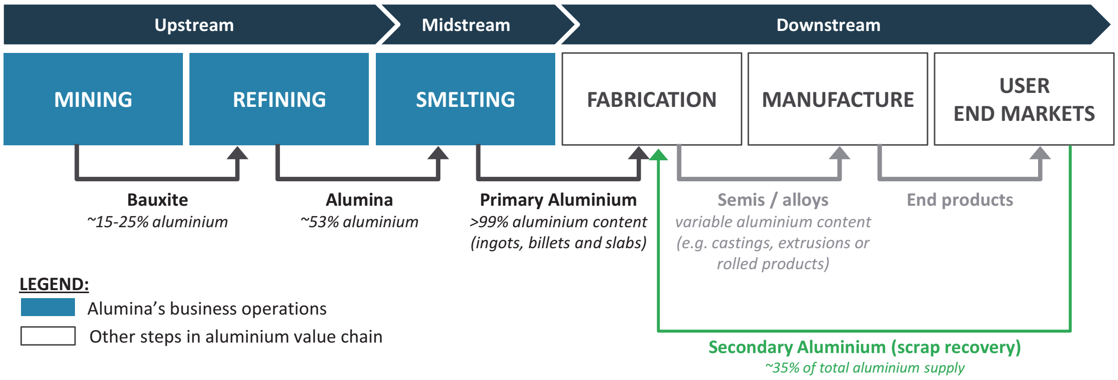
3.1 Background

Overview

Aluminium is one of the most abundant elements on the earth's surface. Due to its attractive qualities (i.e. lightweight, strong, malleable, ductile and conductive), aluminium is used in a wide range of industrial applications and is the second most widely consumed metal globally (behind steel).

As aluminium does not naturally occur in its pure form, production of aluminium involves a series of steps to recover pure aluminium metal from raw bauxite ore:

ILLUSTRATIVE ALUMINIUM VALUE CHAIN



Source: International Aluminium Institute

The production of one tonne of primary aluminium requires roughly two tonnes of alumina which in turn requires around four to eight tonnes of raw bauxite ore. Primary aluminium products (i.e. ingots, billets or cast products) undergo further processing to produce semi-finished products that are used in the manufacture of products across a diverse range of end markets such as:

- construction (25% of consumption[10]), particularly for buildings where they are used in external facades, roofs and walls, windows, doors, staircases, railings and shelves;
- transportation (23% of consumption), particularly for the manufacture of ships, aircraft, rail transport and light and heavy duty vehicles;
- energy (12% of consumption), particularly for building network infrastructure assets such as electricity transmission and distribution lines and wiring;
- machinery and other equipment (11% of consumption), particularly for machinery used in industrial processes and construction; and
- other (around 30% of consumption), particularly for packaging (cans) and other applications.

Industry Structure

The global aluminium industry is concentrated in a small number of producers and countries, reflecting the industry's capital intensity as well as the importance of access to high quality resources and reliable energy sources. Based on the latest available data, the three largest producing countries accounted for over 70%

[10] Source: CRU Group, Opportunities for Aluminium in a post-COVID economy, January 2022

of bauxite (i.e. Australia, Guinea and China) and alumina production (i.e. China, Australia and Brazil) and over 60% of aluminium production (i.e. China, India and Russia)[11,12].

Vertical integration is a prominent feature of the aluminium industry and is used to:

- reduce transportation costs given the low value-to-cost ratio of bauxite ore (as refining can reduce total volume transported by 60-70% while maintaining aluminium content delivered);
- manage the technical specificity of bauxite feedstock as alumina refineries are often tailored to process certain types of ore that makes switching bauxite suppliers expensive;
- protect security of supply to ensure a stable supply of raw materials to support uninterrupted aluminium smelter operation (which is difficult to flexibly ramp up or down); and
- improve the economic value captured in the value chain by producing higher mineral value products.

Due to the vertically integrated nature of the industry, it is difficult to analyse the supply and demand dynamics of the intermediate products. In the case of bauxite, tradeable markets were virtually non existent until very recently. On the other hand, the market for alumina is more established but still has a relatively limited track record (as the first alumina-only price index was created in 2010).

Another notable feature of the industry is China's dominant presence in each step of the value chain (from bauxite mining through to production of primary aluminium). A review of the industry requires an understanding of China's involvement and reach across each of the intermediate aluminium markets.

3.2 Bauxite

Overview

Bauxite is the principal source of aluminium. Approximately 90% of global bauxite production is used in the production of aluminium (with the remainder used in other commercial applications such as cement, fertiliser, abrasives and other chemicals). It is a naturally occurring ore that can be categorised as either:

- lateritic bauxites (90% of global resources), which are found in tropical regions such as Brazil, Vietnam, Guinea and Australia. The orebodies occur near the surface and can be mined using open pit methods; or
- karstic bauxites (10% of global resources), which are found in Europe, China and the Caribbean. Depending on the nature of the deposit, they can be mined using underground or open pit methods.

Global bauxite resources are estimated to be between 55 and 75 billion tonnes, of which around 30 billion tonnes are recognised as reserves. Over 70% of bauxite reserves are concentrated in five countries, namely Guinea, Australia, Brazil, Vietnam and Jamaica[12]. Ore quality is principally determined by its alumina grade (varies from 30-60% contained alumina), moisture levels and impurities. The most commercially important of the impurities is silica content (which can range from 1% to 12%), with higher levels of silica being less attractive due to the higher processing costs due to the amount of caustic soda consumed in refining.

The Bauxite Market

Bauxite ore has historically been a thinly traded commodity as the vast majority of mines exclusively supply adjacent alumina refineries that are often owned by the same party. However, the emergence of China's aluminium industry has fundamentally reshaped the bauxite market. China's growing appetite for bauxite has led producers to exploit resources in more remote locations such as Guinea. While a large proportion

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11 Source: International Aluminium Institute.

12 Source: U.S. Geological Survey.

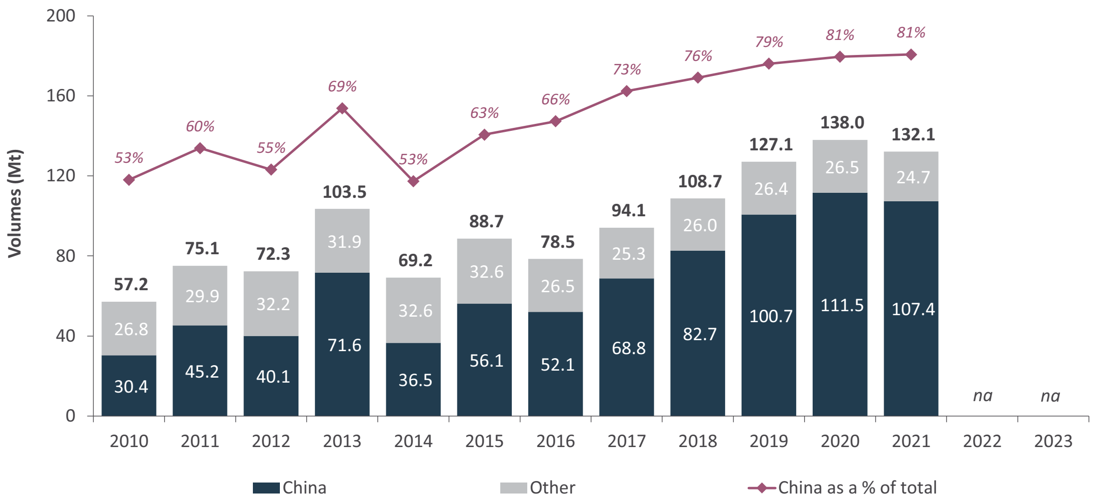
of ore is still consumed within a vertically integrated business, this trend has prompted the development of a global seaborne market for bauxite.

DEMAND

Since 2010, the size of the global seaborne market for bauxite has nearly tripled, with total imports growing from around 50Mtpa to over 130Mtpa in 2021 (accounting for around 30% of consumption):

HISTORICAL BAUXITE IMPORTS BY COUNTRY

2010 – 2023



Source: World Bureau of Metal Statistics

China has accounted for the majority of the uplift in imports. Between 2010 and 2021, Chinese imports of bauxite grew from 30Mtpa to over 100Mtpa. China's increasing appetite for imported bauxite is largely attributed to the depletion of higher grade domestic bauxite reserves and stricter enforcement of regulations on illegal bauxite mining (partly to raise environmental standards). Based on the latest estimates, more than 60% of China's bauxite supply is imported (up from around 30% in the early 2010s).

SUPPLY

Since 2010, the global supply of bauxite has grown by an average of 4% per annum, with most of the growth occurring between 2015 and 2020:

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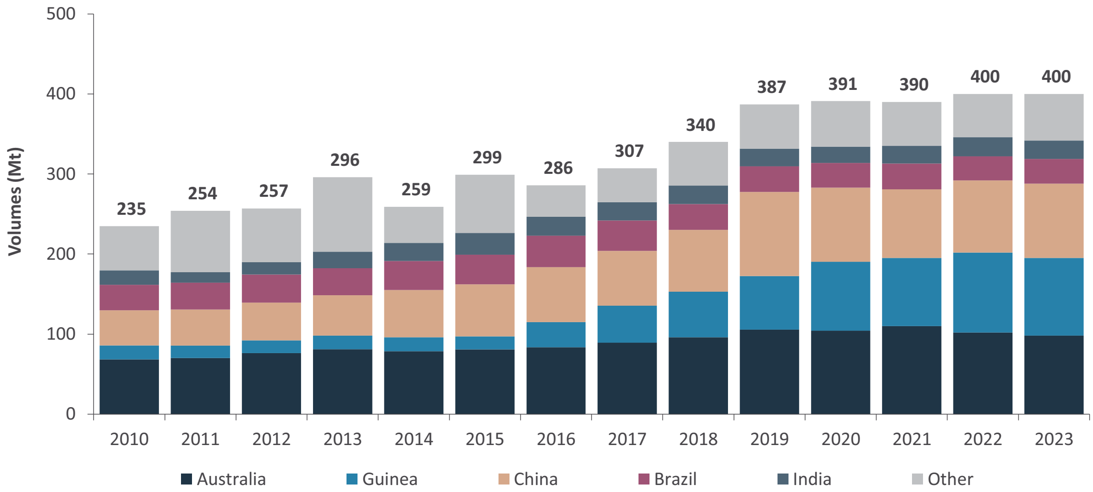
HISTORICAL BAUXITE PRODUCTION BY COUNTRY

2010 - 2023



Source: U.S. Geological Survey, World Bureau of Metal Statistics

Due to China's dominant presence in the bauxite market, its trading partners are also the largest suppliers of bauxite in the global market. Essentially all of China's bauxite imports are sourced from either Guinea or Australia (as well as Indonesia until export bans on the mineral were implemented in June 2023).

Australia has consistently been the largest producer of bauxite in the world and has delivered stable output of approximately 100Mtpa for over five years. There are six operating mines in Australia, of which five are among the seven largest mines (by production) in the world. These mines are located in:

- Western Australia's Darling Ranges region (over 50% of production). Production in this region is led by the Huntly and Willowdale mines (both owned by AWAC), with the remainder accounted for by the Boddington mine (owned by South32 Limited ("South32")). Ore grades are lower (alumina content of around 30%) but, due to the very low silica content (around 1-2%), it is still relatively cheap to process and therefore economic to mine;
- Queensland (around 37% of production). The Weipa mine (owned by Rio Tinto Group ("Rio Tinto")) accounts for nearly all production, with the ore generally having higher alumina content (49-53%); and
- Northern Territory (around 11% of production). The Gove mine (also owned by Rio Tinto) is the only operating mine in the Northern Territory and is known for its high alumina content.

Around 65% of production is consumed domestically within vertically integrated operations. The remainder is exported, principally to China, which accounted for 98% of Australian bauxite exports in 2023[13].

Guinea recently overtook Australia as the largest bauxite producer and exporter globally, with the majority of its exports sent to China. Guinea's large reserves (particularly in the Boké province which accounts for over 95% of production) is known to have one of the highest quality ores in the world given the moderate alumina grades (44-46%) combined with very low levels of silica (1.2-1.5%). Production growth accelerated in the mid 2010s following extensive investment in mine projects and infrastructure (including investment from China, which extended a $20 billion loan to Guinea in 2017) and export bans by China's key suppliers at the time (i.e. Indonesia and Malaysia).

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[13] Source: Australian Government Office of the Chief Economist, Resources and Energy Quarterly, December 2023.

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The remaining countries with large bauxite resources are not active participants in the global market as they either primarily dedicate production for domestic alumina refineries (Brazil), lack infrastructure (Vietnam) or have imposed export restrictions (Indonesia).

The demand outlook for the global bauxite market is robust. China is expected to become increasingly dependent on imports (up to 80% of its total demand based on some estimates[14]). Global reserves are expected to be sufficient for future demand assuming the timely development of projects. However, given the concentration of supply available to the global market, there are some risks to the outlook such as:

- tightening environmental regulations, as most mines are open pit and require rehabilitation of the land to certain standards (given the clearcutting of existing vegetation and the removal of topsoil);
- changes to trade policies, which impact available bauxite supply in global markets (e.g. export bans by Indonesia and potential supply withdrawal by Guinea to support a domestic alumina refining industry); and
- long development lead times, which can extend for years due to the scale, capital intensity and regulatory and environmental approvals required.

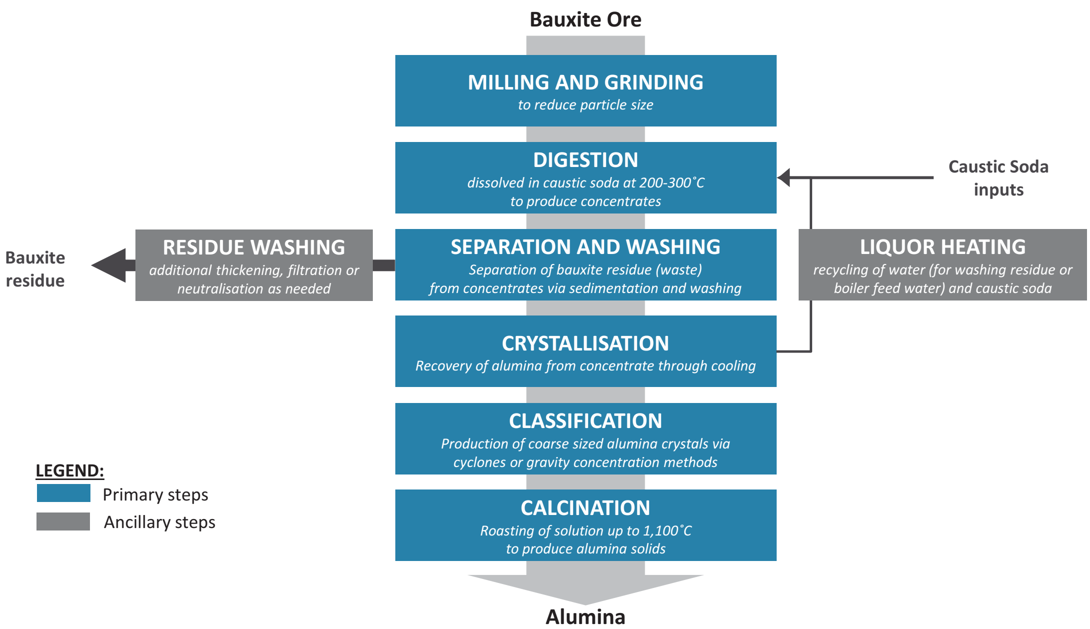
3.3 Alumina

Overview

Alumina is produced by refining bauxite. Approximately 95% of alumina is considered smelter grade and consumed in the production of aluminium. A small proportion undergoes further treatment to produce chemical grade alumina that is used in specialty applications such as ceramics, abrasives and refractories.

The Bayer Process is the most widely used method to produce alumina[15]:

ILLUSTRATIVE ALUMINA REFINERY FLOWSHEET



Source: The Aluminium Story

[14] Source: Dry Cargo International Magazine, *Chinese imports determine price of bauxite and alumina*, July 2021.

[15] The Sinter Process is an alternative method used to produce alumina from very low grade bauxite that is high in silica and not suitable for the Bayer Process.

The largest contributors to cost in the production of alumina are bauxite ore, caustic soda and energy (whether from coal, gas or renewables). Approximately 2-4 tonnes of bauxite ore and 100 kilograms of caustic soda are consumed in the production of one tonne of alumina. These costs can be susceptible to fluctuations in input prices (particularly energy) although refineries often enter into long term supply agreements to mitigate some of the price volatility. Collectively, these costs can account for around 60-70% of the total refinery cash costs (with the remainder comprising labour and indirect costs such as insurance and tax).

The Alumina Market

Alumina is a globally traded commodity and has a more active tradeable market than bauxite but remains largely consumed within vertically integrated operations. Only about 20% of alumina production is sold in the global seaborne market[16]. The structure of the alumina market is largely aligned with the primary aluminium market and is conventionally divided into two segments:

- China (around 60% of production), which is largely self sufficient in terms of alumina and aluminium production and has its own set of supply and demand dynamics; and
- rest of the world (around 40% of production), which can be segmented by geography and is often a supplementary source of supply for China.

The majority of global alumina trade occurs outside of China (which only accounts for around 10-15% of worldwide imports). Some countries such Australia are net exporters in the global alumina market, whereas other regions such as Europe, the United States and the Middle East have smelting capacity but lack refining capacity and, as a consequence, are net importers of alumina.

Given China's dominant position in the alumina market, the country is home to a number of the largest alumina producers globally including Aluminum Corporation of China Limited ("Chalco") and China Hongqiao Group ("China Hongqiao"). Leading alumina producers in the rest of the world are also the largest primary aluminium producers and include either diversified commodity producers (e.g. Rio Tinto and South32) or pure play aluminium producers (e.g. Norsk Hydro ASA ("Norsk Hydro"), United Company RUSAL ("Rusal") and Alcoa).

DEMAND

Demand for smelter grade alumina is directly proportional to primary aluminium production. In some respects, demand can broadly be characterised as stable as it is difficult for smelters to flex throughput (and therefore they require a constant flow of alumina). Moreover, strict conditions for storing alumina stockpiles makes it difficult to separate its interconnection with the primary aluminium market.

However, demand for alumina can be susceptible to volatile swings, particularly in tradeable markets which are often used as a secondary supply source for vertically integrated producers. Accordingly, the market can be exposed to supply-related issues that cause an increase in demand from buyers seeking alternate sources of alumina in the third party market. A number of these issues arose concurrently in 2018, including:

- supply disruptions, such as the industrial action at AWAC's Western Australia operations;
- production curtailment, such as the embargos from Brazilian authorities that caused Norsk Hydro to issue a force majeure and reduce production capacity at the Alunorte refinery by 50%; and
- economic or trade sanctions, such as the United States' sanctions against Rusal (or more recently, Australia's alumina export ban to Russia in 2022).

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16 Source: World Bureau of Metal Statistics.

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Similarly, China can also have a material “swing” impact on the alumina market as its scale can have a flow on effect on global markets. For example, in anticipation of production curtailments in 2017, Chinese smelters turned to imports and caused an increase in third party alumina demand (and prices).

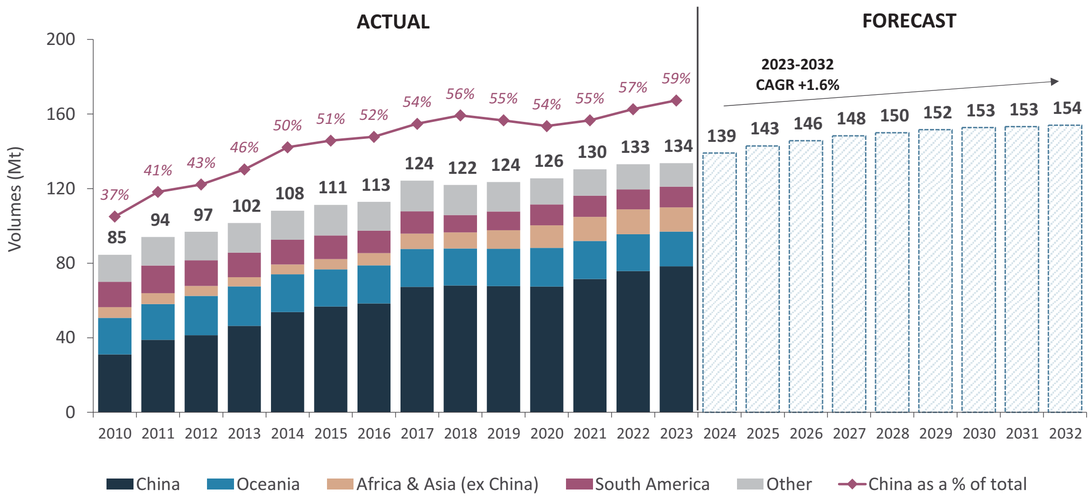
SUPPLY

The global supply of alumina is spread across over 25 countries. However, production is concentrated in the top three countries. China is by far the largest producer of alumina (nearly 60% of total production), followed by Australia (15%) and Brazil (8%).

Since 2010, total production of alumina has grown by around 3.5% per annum (with China accounting for the majority of the increase particularly through to 2017):

HISTORICAL AND FORECAST SMELTER GRADE ALUMINA PRODUCTION BY REGION

2010 - 2032



Source: International Aluminium Association, CRU Group

The rapid increase in China’s production output was largely attributed to the commissioning of new alumina refining capacity that resulted in total installed capacity growing from just 41Mtpa in 2010 to nearly 100Mtpa by the end of 2023. These investments were funded largely by the Chinese Government (through state owned market participants such as Chalco) and private sponsors. Chinese alumina producers generally benefited from relatively low capital costs as well as shorter development lead times than alumina producers in other countries.

The slowdown in production growth in China from 2018 reflected the impact of supply side structural reform, as the Chinese Government identified and closed non-approved aluminium smelting capacity (impacting alumina demand) and enforced more rigorous environmental controls. The slowdown has helped alleviate some of the utilisation constraints that China’s alumina refineries were beginning to face, with utilisation rates generally falling from nearly 90% in 2019 to around 80% in 2023.

Alumina production across the rest of the world has been relatively stable since 2010 (consistently producing between 53 and 58Mtpa) and is led by:

- Australia, which has consistently produced around 20Mtpa of alumina over the period and is the world’s largest exporter of alumina (with most being shipped to Asian markets). There are currently six operating alumina refineries, including three owned by AWAC although the Kwinana refinery (which accounts for 10% of Australia’s refining capacity) is expected to be fully curtailed by 3Q24; and

- Brazil, which has consistently produced around 10-12Mtpa of alumina during the period, the majority of which is consumed by domestic aluminium smelting operations. There are currently two operating alumina refineries, one of which is partly owned by AWAC (the Alumar refinery).

As the vast majority of alumina is consumed either within vertically integrated operations or within the Chinese market, the third party market for alumina accounts for a relatively small proportion of the global alumina market. Approximately 22Mtpa of alumina is available in the global third party market (ex-China), representing around 15% of total alumina production. The largest supplier to the third party alumina market is AWAC followed by South32, Norsk Hydro and Rio Tinto (collectively accounting for around 60% of the third party alumina market, ex-China)[17].

The alumina market has generally been in balance over the last decade, albeit with a slight surplus in the Pacific region and a slight deficit in the Atlantic region (although this has been partly offset by the curtailment of downstream aluminium smelting capacity particularly in Europe and North America where cost pressures from rising energy costs resulted in several operators making losses). The surplus in the Pacific region has reflected the excess refinery capacity available in China (following a period of expansion) and, more recently, withholding of alumina supplies to Russian smelters. On balance, new capacity is generally a lot cheaper to build in China (where it costs around $600-800/t of annual capacity to build) than in other countries including in Asia (e.g. around $1,000/t in Indonesia) and the rest of the developed western world such as the United States and Europe (well over $2,000/t).

Given the imbalance in the marginal cost of capacity, the majority of new supply is expected to be developed in Asia (particularly in the Pacific region) where nearly 14Mtpa of new alumina refining capacity is expected to commence across China, India and Indonesia within the next three years (representing over 10% of global annual production). The only other new refinery expected to be commissioned outside the Pacific region in the near term is a new 1Mtpa refinery in Guinea.

3.4 Aluminium

Overview

Primary aluminium is produced by smelting alumina via the Hall-Héroult process, which involves a series of steps that effectively sends an electric current through a melted alumina solution in a line of holding pots ("potlines") to extract aluminium:

17 Source: CRU Group.

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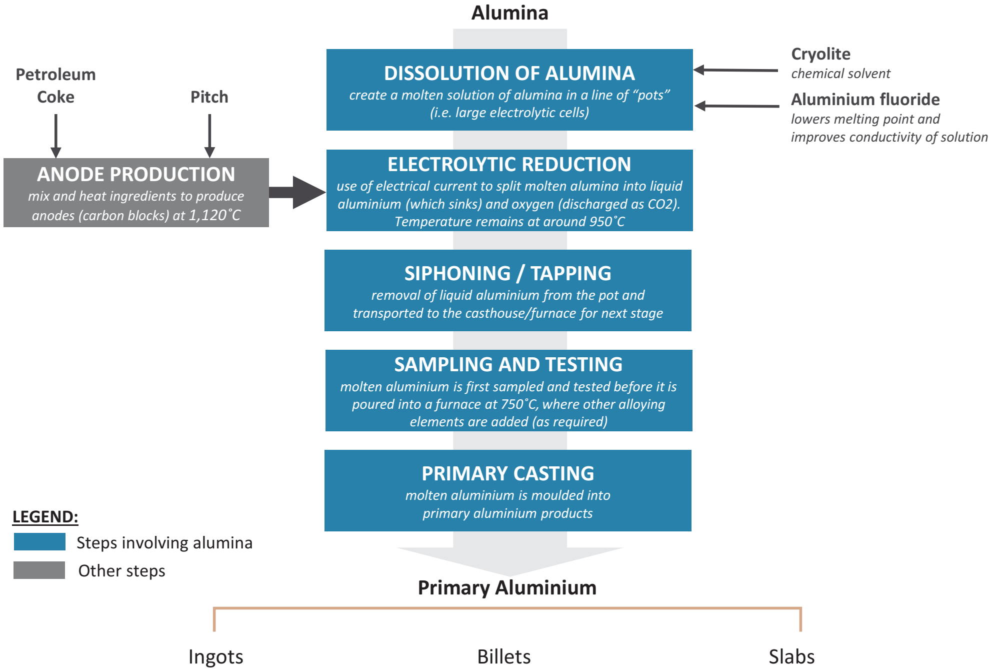
ILLUSTRATIVE ALUMINIUM SMELTING FLOWSHEET



Source: The Aluminium Story

Aluminium smelting is extremely capital intensive and involves long development lead times (around 5-7 years). Around $3-4 billion of upfront capital is required for one million tonne of new smelting capacity (around 60% lower in China due to subsidies)[18]. These estimates exclude the capital required for upstream processes such as alumina refineries and power stations (which can double the total estimated spend).

Operating costs are also generally very high. Input costs such as alumina (around 34% of smelting costs) and raw materials for anode production (around 19% of smelting costs) collectively represent over half of a smelter's operating cost profile[19]. Energy is the largest of the remaining costs as significant power surges are required to chemically separate aluminium metal from alumina. Due to the quantum of power required in smelting, many producers rely on power sources that are baseload-like such as coal-fired power or hydro power, which are often procured under long term power purchase agreements.

Substitutes such as secondary aluminium from recycled scrap material offer substantially lower energy intensity profiles (around 5% of the energy required for primary production) and are often regarded as an attractive substitute for primary aluminium.

The Aluminium Market

Aluminium is a globally traded commodity and has a very active trading market both in China and globally (i.e. the rest of the world). The distinction between the two markets is similar to that in alumina markets and reinforced by certain disincentives from further integrating the market (particularly in China), including its restrictive trade policies (e.g. export tariffs on primary aluminium). However, there is some evidence that the two markets have become more closely integrated in recent years. China has played a crucial role in rebalancing global aluminium supply chains in light of unexpected market disruptions (especially following the Russia-Ukraine conflict and the European gas crisis). Some studies also suggest that aluminium price arbitrage occurs between both markets (particularly during the overlapping hours of trading).

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[18] Source: Wood Mackenzie, Investment in new aluminium capacity needed to avoid supply crunch, November 2018

[19] Source: CRU Group, Aluminium smelters stung by the escalating costs of carbon products, 2023. Based on smelter costs ex-China.

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In these circumstances, a holistic review of the supply and demand issues across China and the rest of world is required to better understand the trends impacting the aluminium market.

DEMAND

Traditionally, aluminium consumption has been closely associated with urbanisation and industrial production. Its application across a wide range of sectors such as construction, transportation and energy make it a key indicator of economic growth. Accordingly, over the last several decades, demand for primary aluminium has historically exhibited steady growth in line with global economic performance. In recent years, demand for primary aluminium has been impacted by a number of global events, in particular the:

- COVID-19 pandemic in early 2020, which led to an initial collapse industrial demand collapse before a rebound over the next 12 months (particularly towards the end of 2021 due to the delayed reopening of China); and
- Russia-Ukraine conflict in early 2022, which led to a fall in demand as a result of a spike in energy prices and self imposed sanctions by certain countries against Russian metals. Deteriorating macroeconomic conditions weakened global economic confidence, further reducing industrial demand.

While there remains substantial uncertainty in the near term, the long term demand outlook for aluminium is robust. Global economic growth rates are expected to moderate over the next several years (particularly in China which has historically been a major source of growth). However, improved visibility around aluminium's role in decarbonisation is expected to support growth, with demand projected to grow up to 4% per annum through to 2030. These tailwinds include the:

- increasing adoption of electric vehicles, which contain 60-80 kilograms more aluminium per vehicle than those powered by internal combustion;
- roll-out of renewable energy sources such as wind and solar, both of which are substantially more aluminium intensive than other energy sources such as coal and gas-fired power; and
- potential for aluminium to substitute for copper in power transmission and distribution infrastructure.

Some of this growth in demand may be supported by the secondary aluminium production (e.g. recycled products), which has risen from just under 20% in 2000 to around 30% in 2010 and around 35% in 2023[20,21]. However, there is some uncertainty as to the speed at which new secondary aluminium production can scale up to meet overall demand (thereby meaning that most of the demand growth will still need to be met by primary aluminium production).

SUPPLY

Global supply of primary aluminium broadly mirrors that for alumina. Since 2010, production has grown by around 4% per annum (albeit at a reduced rate of around 2% per annum since 2018):

[20] Source: International Aluminium Institute, Global Aluminium Cycle 2021.

[21] Source: International Aluminium Institute, Global Aluminium Recycling: A Cornerstone of Sustainable Development.

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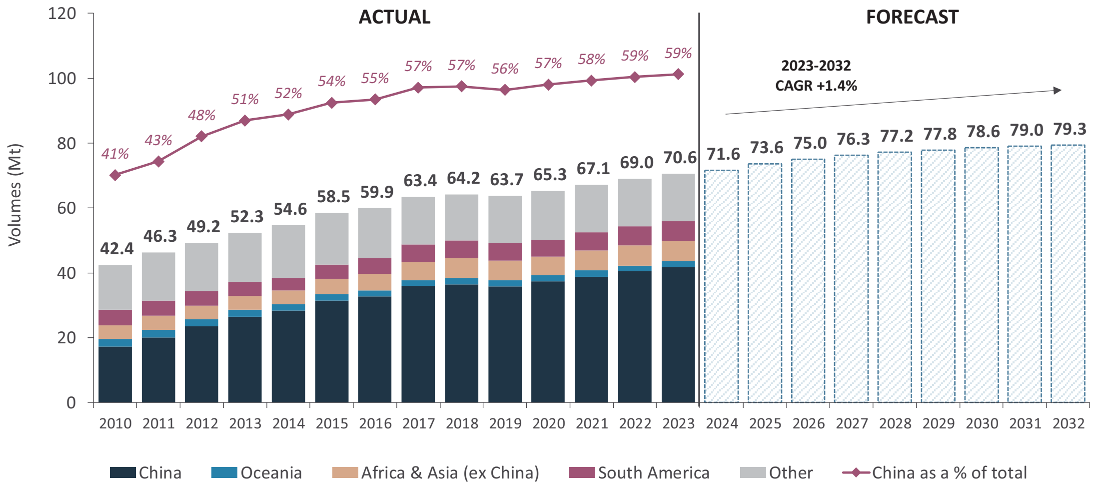
HISTORICAL AND FORECAST PRIMARY ALUMINIUM PRODUCTION BY REGION

2010 - 2032



Source: International Aluminium Association, CRU Group

Around 85% of the increase in output since 2010 is attributable to China, which has invested heavily in increasing smelting capacity. Between 2010 and 2018, China's smelting capacity more than doubled from around 20Mtpa to over 44Mtpa. Historically, it has been the Chinese Government's policy to control the Chinese aluminium and alumina markets through state owned corporations (predominantly Chalco), with the aim of creating security of supply for the Chinese aluminium industry. However, an increase in the number of privately owned smelters has also highlighted issues around the lack of appropriate regulatory controls on the operation and environmental records of some of these participants.

In 2018, the Chinese Government announced supply side structural reforms to rationalise the market by identifying and closing non-approved aluminium smelting capacity and enforcing more rigorous environmental controls. As part of these reforms, China's smelting output was capped at 45Mtpa. While these reforms resulted in the permanent closure of some capacity, new smelters have been commissioned since then and, by the end of 2023, China's smelting capacity reached its regulated cap.

The rise in China's aluminium smelting capacity is in contrast to western markets, which have seen capacity (and therefore production) curtailed significantly over the last few decades. The United States was once one of the largest primary aluminium producers globally (with nearly 20 operating smelters at the turn of the century) but now has only four operating smelters. Over the last two years, Europe has faced curtailments of production capacity due to extremely high gas costs, with nearly half of the smelting capacity in the region curtailed by mid 2023.

Despite being the seventh largest aluminium producer in the world, Australia was not immune from these industry-wide challenges. It now only has four operating smelters (after the closures of Kurri Kurri in 2012 and Port Henry in 2014). Rio Tinto is the country's largest aluminium producer and wholly owns or has a majority interest in three smelters (Bell Bay in Tasmania, Boyne Island in Queensland and Tomago in New South Wales) that collectively account for around 80% of Australia's production capacity. AWAC is the second largest producer through its majority interest in the Portland smelter in Victoria. Questions remain around long term energy security for Australia's smelters which have had to curtail production or, in some cases, seek financial support from state governments.

The general industry rule of thumb suggests that capacity utilisation rates need to be at least 70-75% for smelters to breakeven (absent any external financial support)[22]. Utilisation has generally been at or below those levels. However, the gap appears to have narrowed in recent years and production in China is now approaching the regulated cap of 45Mtpa. Utilisation rates have been at or around 90% over the last three years.

Given the long term demand outlook for primary aluminium, it is becoming clear that there is some risk that current global smelting capacity may be insufficient to meet future requirements. The introduction of a global carbon price would have a disproportionate impact on the smelting industry (given its reliance on fossil fuels). Supply may be further tightened by unforeseen curtailments or closures. Even the most modest of estimates suggests that utilisation rates will consistently sit above 85% unless new capacity is brought online or partial curtailments are reversed.

However, developing new aluminium smelter capacity is subject to a number of constraints including:

- scale and substantial upfront capital requirements;
- the significant energy requirements required to power smelting operations, which have historically been sourced from high carbon emissions technologies such as coal-fired or gas-fired power. The availability of similarly scaled renewable energy sources (in many cases hydropower) limits these options even more;
- environmental issues with upstream operations (e.g. "red sludge" from alumina refineries which, if not properly managed, can contaminate nearby water bodies); and
- uncertain planning and approval processes.

Moreover, restarting smelters that have been previously curtailed can involve significant time and costs that make it difficult to alleviate supply constraints (as smelters are difficult to ramp up and down). In any event, these smelters often have higher cost structures and can only be profitably operated during periods of very high prices.

3.5 Pricing

Historically, the aluminium price has been the primary benchmark for the pricing of bauxite and alumina products. However, as the value chain has become more segmented and more price data has become available, distinct (but interconnected) price benchmarks for each intermediate product have evolved more recently.

Aluminium

Trading of aluminium is facilitated by metals exchanges such as the LME, Shanghai Futures Exchange ("SHFE") and New York Mercantile Exchange ("COMEX"). These exchanges help integrate the global market by facilitating price transparency and providing a platform for trading of futures and options contracts so that users can hedge against future price movements. More than 85% of trades are handled by the LME (which represents trade across its worldwide network of warehouses, excluding China), with the SHFE (which represents trades within China's delivery network) accounting for most of the remainder[23].

Physical trades primarily occur directly between aluminium producers and buyers such as downstream users or merchants. Prices for aluminium in these sale contracts are calculated with reference to one of the above benchmarks (often the LME aluminium price, which is denominated in US$) but adjusted for:

- regional premia, which represent the additional value of having aluminium supplied directly where it is needed and reflect local supply and demand dynamics for aluminium in a specific market (e.g.

22 Source: OECD, Measuring Distortions in International Markets, 2019.

23 Source: Commodity Futures Trading Commission, Aluminium Futures Markets Reports, September 2022.

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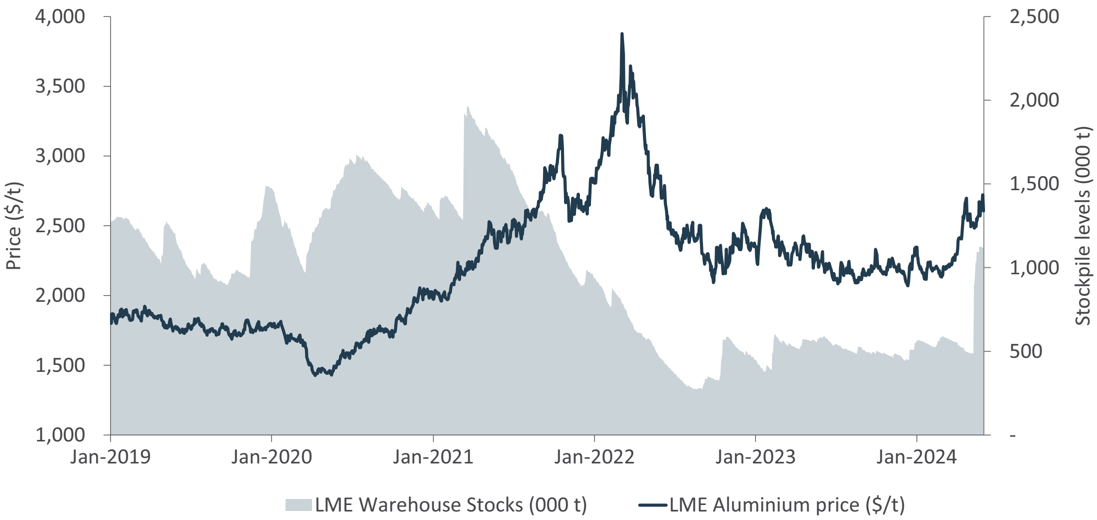
Midwest premium in the United States, Rotterdam (Duty Paid) premium in western Europe and Japan premium); and

- contract-specific premia, which are negotiated bilaterally between buyer and seller and reflect delivery location, volume, payment terms and the particular shape or alloy of the metal that is received.

The historical spot LME aluminium price and inventory levels since January 2019 are illustrated below:

HISTORICAL LME ALUMINIUM PRICE (NOMINAL) AND LME WAREHOUSE STOCK LEVELS

1 JANUARY 2019 TO 31 MAY 2024



Source: S&P Capital IQ

Volatility in the LME aluminium price is in contrast to the stable output of primary aluminium. This contrast reflects the cyclicality in demand for aluminium and the difficulties in adjusting smelter output to respond to a changing market environment. The LME aluminium price has fluctuated across a wide range over the last five years, reflecting the swings in demand following the COVID-19 pandemic and macroeconomic and geopolitical uncertainty. For most of 2019, prices generally traded between $1,750/t and $1,850/t. However, the collapse in industrial demand in early 2020 led to a sharp fall in LME aluminium prices to as low as $1,425/t in April 2020. Over the next 18 months, the price exhibited a largely uninterrupted recovery, trading close to $3,150/t by October 2021 as the reopening of global economies pushed demand higher and rationalisation of Chinse smelter capacity tightened supply (although some of the price increase was reversed over the next two months). Prices rose again over the following three months to as high as $3,878/t in March 2022 due to supply chain disruption and rising energy costs (exacerbated by the Russia-Ukraine conflict), evidenced by declining inventories over the same period.

However, the market turned in early 2022 and prices fell to around $2,100-2,300/t by mid-to-late 2022, remaining at those levels for the remainder of the year and into the following year as growing recession concerns weighed in near term demand (particularly in a rising interest rate environment). Prices remained largely within this range into early 2024 despite LME warehouse stock levels falling to record lows (with stockpiles of non-Russian metal falling from approximately 60% of global LME warehouse stocks in January 2023 to just 10% by January 2024) but since the end of March 2024, the LME price began rising and traded above $2,400/t for the first time since early 2023. New sanctions on Russian supply issued by the United States and United Kingdom governments fuelled aluminium prices higher. On 12 April 2024, the LME issued a market notice imposing an immediate suspension on the warranting of Russian metal produced on or after 13 April 2024. Over the weeks following the introduction of these new sanctions, the price of

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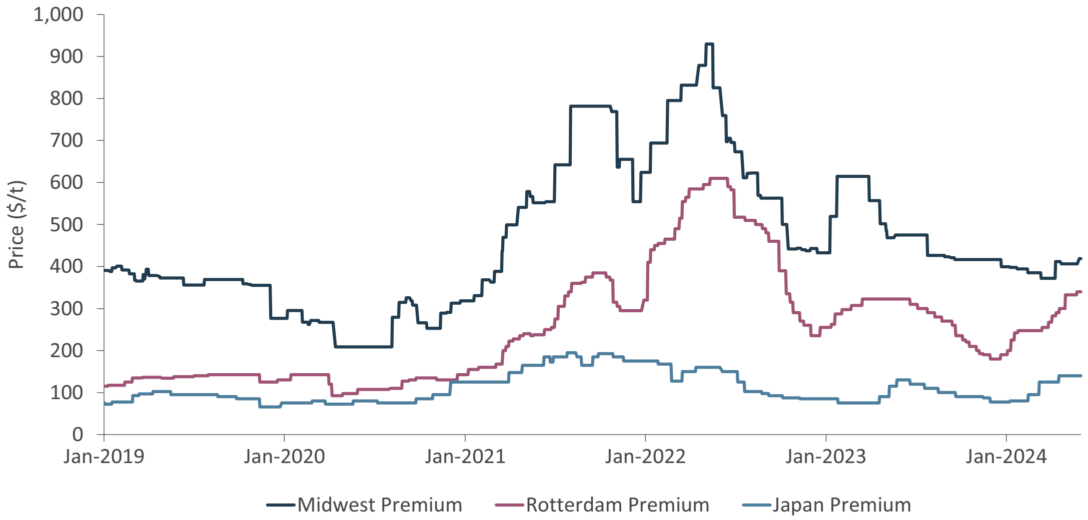
aluminium jumped to nearly $2,700/t in mid April 2024, closing at $2,585/t on 30 April 2024 and $2,607/t on 31 May 2024.

Regional premia vary substantially across the three primary benchmarks. While some of the differential is represented by freight/transport costs, regional supply and demand dynamics have been a larger contributor to these differences:

HISTORICAL REGIONAL PREMIA FOR LME ALUMINIUM INGOTS

1 JANUARY 2019 TO 31 MAY 2024 (NOMINAL)



Source: Bloomberg

The chart illustrates the significantly higher regional premium in North America (represented by the Midwest premium), which has increased in recent years due to growing supply constraints from the lack of new smelting capacity and smelter closures over the last two decades. The introduction of tariffs on aluminium imports (i.e. Section 232) has pushed the regional premium even higher. The regional premium in Europe (represented by the Rotterdam (Duty Paid) premium) faces similar supply constraints (albeit to a lesser extent) and has also been impacted by recently introduced carbon tariffs by way of a carbon border adjustment mechanism ("CBAM"). In contrast, supply/demand dynamics in the Pacific region (represented by the Japan premium) have generally been in balance as the prospects for new smelting capacity in these regions are generally higher than in Europe or United States.

Alumina

Historically, almost all traded alumina has been sold under long term contracts, with pricing determined as a specified percentage of the LME aluminium price. While this pricing structure had some advantages for smelters, it did not always reflect the economic drivers of the alumina industry or necessarily deliver the returns required by refiners. Following growing industry pressure to change the pricing structure of the alumina market, Platts (now a division of S&P Global) established the world's first daily alumina price index. Today, it is standard market practice for sale contracts to be negotiated based on one of, or a basket of, several alumina spot indices (which are often tracked by country of origin) such as the Alumina Price Index ("API") which is calculated based on the weighted average of the prior month's daily spot prices published by several of data agencies.

Despite this distinction, alumina prices have had a high level of correlation with aluminium prices (except during periods of market disruption as experienced in 2018 and during the smelter closure period in 2021):

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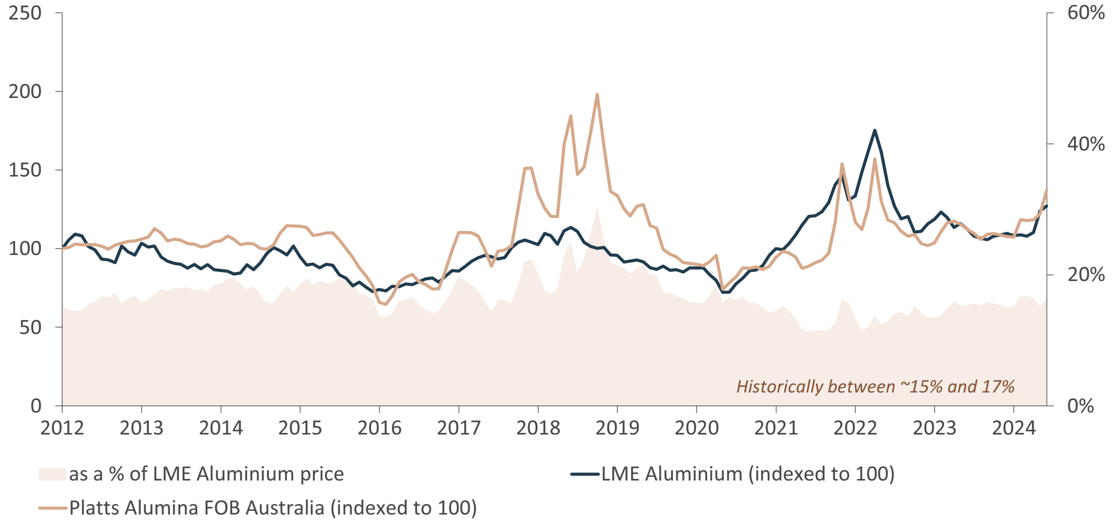
PLATTS ALUMINA FOB AUSTRALIA VS LME ALUMINIUM PRICE (REBASED)

1 JANUARY 2012 TO 31 MAY 2024

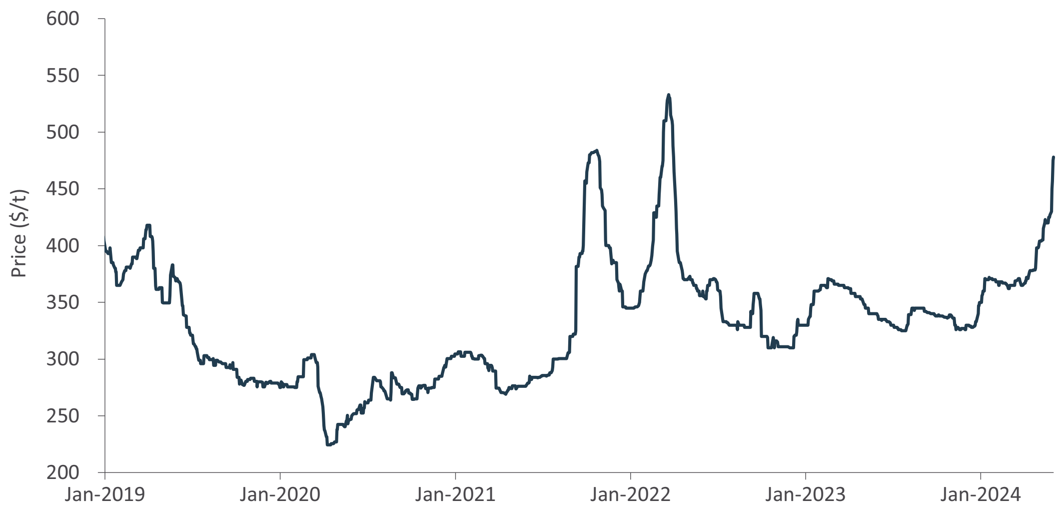


Source: S&P Capital IQ, Australian Government Office of the Chief Economist, S&P Global Commodity Insights

The chart below illustrates the historical price index for Platts Alumina FOB Australia, which has traded within a relatively narrow range of around $320-360/t (albeit with temporary spikes and troughs) for most of the 18 months between mid 2022 and late 2023 but with a step-up in prices since the beginning of 2024 (closing at $399/t on 30 April 2024 and $478/t on 31 May 2024):

HISTORICAL PLATTS ALUMINA FOB AUSTRALIA

1 JANUARY 2019 TO 31 MAY 2024



Source: S&P Global Commodity Insights

Prices for alumina exports from Brazil generally follow similar trends but often trade at a $20-30/t premium to comparable Australian alumina (known as the Atlantic Differential). The premium fluctuates depending on freight availability and cost as well as supply/demand issues impacting each market.

Bauxite

Price discovery for bauxite is extremely challenging. The global tradeable market is still in a relatively nascent stage. The wide range of ore qualities (even within countries or regions) make selecting a "standardised" product for an index even more difficult. While a number of price data agencies have begun compiling and publishing bauxite prices, the lack of verifiable data that underpin these indices makes them difficult to implement in commercial contracts[24].

As a result, bauxite trading often occurs via bilateral agreements (with some longer term agreements linked to LME aluminium prices). The contract price is principally determined by alumina and silica content. Moisture levels are also monitored in the sale of bauxite but typically do not have an impact on price and are instead used as a threshold decision point for whether the product should be rejected. Other metallurgical parameters (e.g. impurities, contaminants, by-products) can impact the downstream economics of the ore but these parameters are not commonly included as adjustments to the sale price.

As the vast majority of global seaborne bauxite exports are to China, it is considered the clearing market for bauxite and, as a consequence, most available price indices measure bauxite prices in the local currency and as delivered to China (i.e. inclusive of shipping and freight costs). These prices have historically been in the range RMB300-400/t (or around $50-60/t as delivered) but have increased over recent years partly as a result of increasing freight costs (which have a greater impact on shipments from Guinea than say Australia).

[24] Source: OECD and Intergovernmental Forum, *Determining the Price of Minerals: A transfer pricing framework for bauxite*, 2023

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4 Profile of Alumina

4.1 Background

Overview

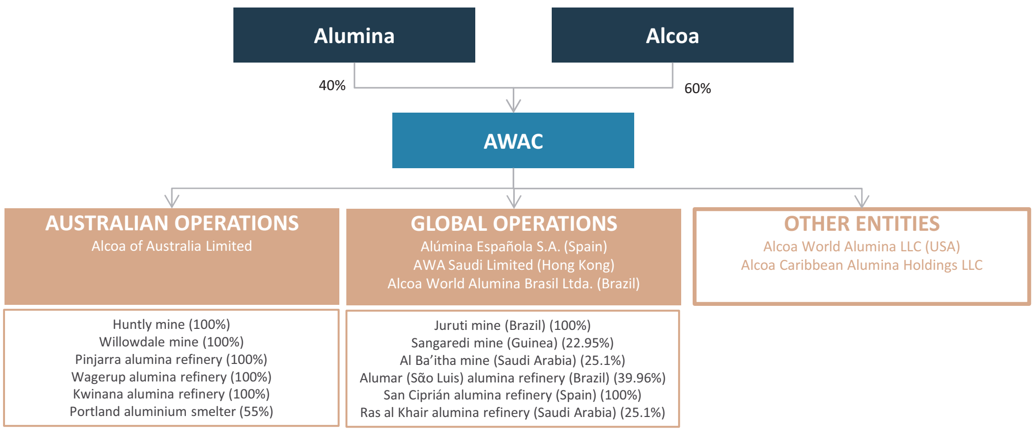
Alumina is an Australian holding company whose sole investment is a 40% interest in AWAC. The company in its current form started trading on the ASX in December 2002 following the demerger of WMC Limited ("WMC") which separated WMC's interest in AWAC from its other resources business (predominantly comprising nickel, copper and fertiliser assets). As part of the demerger, WMC's other resources assets were transferred to a new listed company (WMC Resources Limited) while WMC retained the interest in AWAC and was renamed as Alumina.

Alumina is listed on the ASX and is also traded over the counter in the United States. As at 23 February 2024 (the last trading day before announcement of the Indicative Proposal), Alumina had a market capitalisation of approximately A$3.0 billion.

Joint Venture with Alcoa

AWAC is an unincorporated global joint venture between Alumina and Alcoa. The joint venture is one of the world's largest producers of bauxite and alumina and is broadly organised into its Australian operations and other global operations:

AWAC – ORGANISATION STRUCTURE



Source: Alumina

The joint venture was the product of decades of partnership between Alcoa and WMC that dated back to the early 1950s when joint exploration programs for bauxite deposits and other resources were carried out in the Darling Ranges of Western Australia. These efforts resulted in the formation of Alcoa of Australia Limited in 1961, through which Alcoa partnered with WMC to provide technical aluminium expertise and finance to develop the Kwinana refinery and Point Henry smelter. Over the following decades, the partnership expanded to include additional refineries in Western Australia (i.e. Pinjarra in 1972 and Wagerup in 1984).

The partnership culminated in the establishment of the joint venture in January 1995 when WMC and Alcoa (then known as Alcoa Inc.) combined their interests in Alcoa of Australia Limited with the rest of their global bauxite and alumina related interests (as well as some selected aluminium smelting operations) to create AWAC[25].

Since the establishment of AWAC, the joint venture has continued to expand into new geographies including:

- Europe, through the acquisition of Inespal SA in 1998 (which included the San Ciprián refinery); and
- Saudi Arabia, through a joint venture with Ma'aden in the Kingdom of Saudi Arabia to develop an integrated bauxite mining and alumina refinery operation.

However, the Global Financial Crisis in 2008 and the subsequent commodity market downturn in 2013 placed immense pressure on AWAC's profitability. Over the following decade, AWAC undertook a series of steps to rationalise its operating footprint to improve its competitive cost position and restore profitability. These initiatives resulted in the closure of several of its operations (e.g. Point Henry smelter in 2013, Suralco refinery in 2017, Point Comfort refinery in 2019), curtailment of some refineries (e.g. San Ciprián in 2021 and Kwinana in 2024) as well as a number of divestments (e.g. the Jamalco joint venture in 2014 and its interest in the Mineração Rio do Norte bauxite mine ("MRN") in 2022).

4.2 Overview of AWAC

4.2.1 Business Operations

Overview

Today, AWAC's global network of bauxite mines and alumina refineries spans Australia, Brazil, Spain, Saudi Arabia and Guinea (some of which are minority owned equity investments). AWAC also owns a 55% interest in the Portland aluminium smelter in Victoria, Australia.

The following map shows the location of AWAC's global operations:

LOCATION OF AWAC ASSETS

1. Minority ownership, non-operating partner

Source: Alumina

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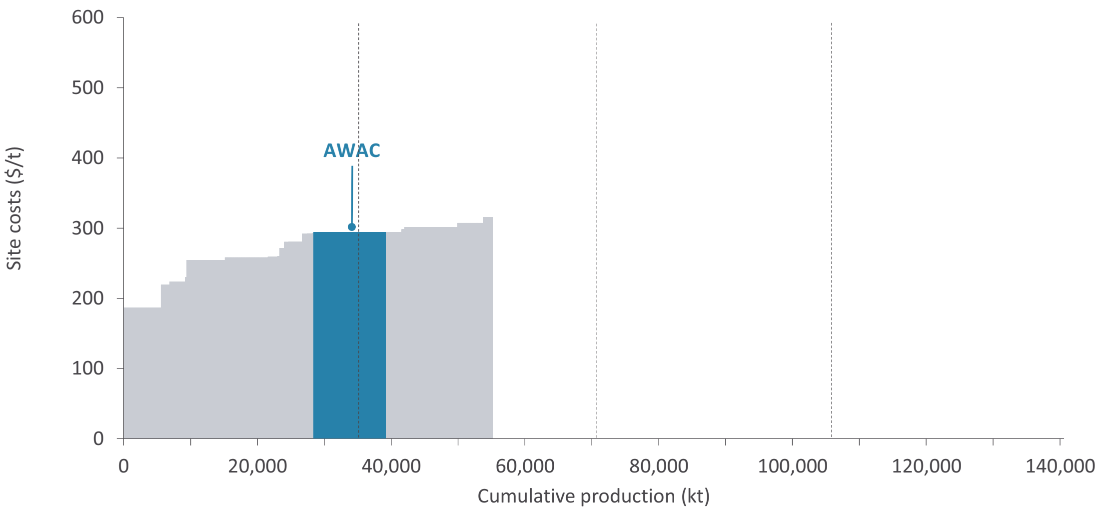
[25] The QBE Group was one of the original joint venture partners in AWAC with a 0.75% interest in AWAC's Australian operations (leaving Alumina with a 39.25% interest). In 2003 (following the demerger), Alumina bought out QBE Group's interest, resulting in Alumina holding a 40% interest in AWAC and all of its subsidiary companies.

The bauxite and alumina operations are run on an integrated basis, with most of AWAC's bauxite entitlements processed in AWAC alumina refineries. With the exception of the San Ciprián refinery (which sources bauxite from AWAC's share of bauxite from Guinea), nearly all of the joint venture's refineries are located at or near dedicated bauxite mines.

AWAC's alumina refineries in Western Australia (particularly Pinjarra and Wagerup) and Brazil are widely considered to be world class operations and have consistently been positioned in the bottom quartile of the global alumina refinery cost curve[26]:

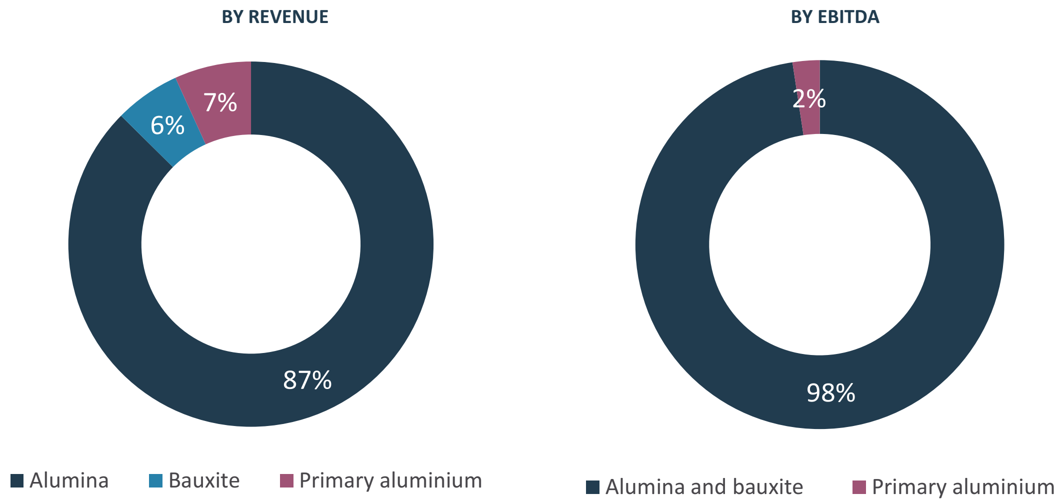
GLOBAL ALUMINA REFINERY COST CURVE, 2023 BASIS



Source: CRU Group

Due to the integrated nature of AWAC's operations, nearly all of its revenue and earnings are derived from alumina:

AWAC – CONTRIBUTION BY PRODUCT (5 YEAR AVERAGE)



Source: AWAC

[26] Site costs include direct cash operating costs, predominantly related to bauxite, caustic soda, energy and labour expenses, and exclude sustaining and growth capital.

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Alumina produced by AWAC is primarily sold to third party customers worldwide (around 65-70% of annual production) under long term contracts. Nearly all alumina produced is smelter grade and is sold at price linked to the API. Depending on the contract, the API price may be adjusted for certain contract-specific premia to take into account freight, quality, customer location and market conditions. A very small proportion of alumina is sold to third party customers under bilaterally negotiated contracts as chemical grade alumina.

Alcoa is AWAC's largest customer (accounting for 30-35% of annual production). Smelter grade alumina is shipped to Alcoa's portfolio of owned and/or managed smelters globally (as well as to AWAC's Portland Smelter), some of which are co-located with alumina refineries (e.g. the Alumar refinery in Brazil and the San Ciprián refinery in Spain).

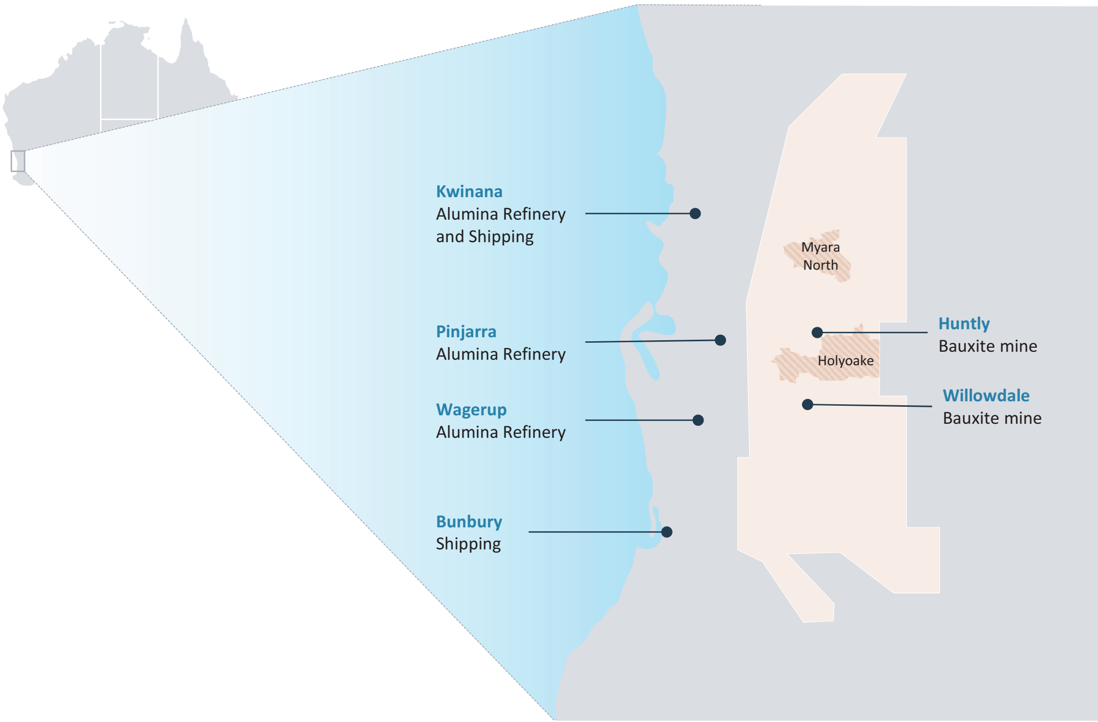
Bauxite and primary aluminium represent a relatively small proportion of AWAC's revenue (around 13% on average over the past five years). Bauxite sold to third party customers is sourced either from AWAC's own bauxite mining operations or through offtake agreements with producers such as Compagnie des Bauxites de Guinée ("CBG", a bauxite mine in Guinea that is partly owned by AWAC) and MRN (no longer owned by AWAC following the sale of its interests in 2022). Bauxite is principally sold under bilaterally negotiated contracts, with the vast majority of customers located in China. Primary aluminium (in the form of ingots) is shipped from the Portland Smelter to customers in Asia under contracts based on the LME aluminium price adjusted for the relevant regional and contract-specific premia.

Australian Alumina Operations

OVERVIEW

The Australian alumina operations are the largest in AWAC's portfolio. They are run on an integrated basis and comprise two bauxite mines and three alumina refineries in the Darling Ranges of Western Australia:

AUSTRALIAN ALUMINA – MAP OF OPERATIONS



Source: Alumina

The integrated operations were established in close proximity to large bauxite resources.

BAUXITE MINING

The bauxite mines are located within a single mining lease that covers over 7,000km^2 and includes the:

- Huntly mine, which commenced mining operations in 1976 and currently produces approximately 25Mtpa of ore; and
- Willowdale mine, which commenced mining operations in 1984 and currently produces approximately 10Mtpa of ore.

The two bauxite mines are underpinned by approximately 650Mt of mineral resource, of which around 53% is classified as mineral reserves) that have alumina grades of around 30% but also very low reactive silica content of around 1.3%:

WESTERN AUSTRALIA – SUMMARY OF MINERAL RESOURCES AND MINERAL RESERVES

	MINERAL RESOURCES						MINERAL RESERVES			TOTAL		
	MEASURED AND INDICATED			INFERRED			PROVEN AND PROBABLE					
	MT	ALUMINA (%)	SILICA (%)	MT	ALUMINA (%)	SILICA (%)	MT	ALUMINA (%)	SILICA (%)	MT	ALUMINA (%)	SILICA (%)
Huntly	117.7	30.8%	1.55%	11.2	34.4%	1.35%	236.6	31.2%	1.42%	365.5	31.2%	1.46%
Willowdale	79.8	30.4%	1.23%	80.6	32.2%	1.24%	107.4	32.1%	1.11%	267.8	31.6%	1.18%
Other	0.8	32.3%	1.38%	15.1	31.6%	1.00%	-	-	-	15.9	31.7%	1.02%
Total	**198.3**	**30.6%**	**1.42%**	**106.9**	**32.3%**	**1.22%**	**344.0**	**31.5%**	**1.32%**	**649.2**	**31.4%**	**1.34%**

Source: Alcoa

Mining is undertaken by conventional open pit mining with the majority of the fleet owner-operated. Contract mining is primarily employed in environmentally sensitive areas and along the perimeter of the mining area. Both mines utilise onsite crushing facilities to crush run-of-mine ("ROM") ore and convey the crushed ore to the relevant refinery (or in the case of the Kwinana refinery, transported by rail from the Pinjarra refinery). Overburden is progressively backfilled into adjacent exhausted pits, topsoiled and rehabilitated by re-establishing native vegetation.

The mining lease was originally granted in September 1961 by the State Government of Western Australia under the *Alumina Refinery Agreement Act 1961*. The mining lease allows for the exploration and mining of bauxite within the tenement boundaries for four 21 year periods that can be automatically renewed (subject to the compliance issues noted below). The current term is scheduled to expire on 24 September 2024. Alcoa, as the operator, has notified the State Government of Western Australia of its intention to exercise its right to renew for a further 21 year period to extend the concession to 2045. The State Government concession agreement also includes a provision for conditional renewal beyond 2045.

Maintaining the mining lease (as well as securing approval for a renewal) for both Huntly and Willowdale mines is subject to a number of requirements including complying with environmental protection orders, maintaining relevant environmental operational licences and securing the annual approval of the rolling five year Mining and Management Program ("MMP"). The MMP documents the full operational lifecycle of activities on the mining lease including exploration, environmental and social studies and management, community and stakeholder consultation, mining, rehabilitation and continuous improvement. This process is overseen by the Mining and Management Program Liaison Group ("MMPLG"), which is responsible for reviewing and recommending the MMP to the Minister for State Development for final approval.

In December 2023, the State Government of Western Australia approved AWAC's latest five year mine plan, known as the 2023-2027 MMP. The 2023-2027 MMP remains under review by the Western Australia

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Environmental Protection Agency ("WA EPA"), which announced on 18 December 2023 that it would commence a comprehensive assessment of AWAC's bauxite mining operations. The assessment will include an environmental scoping document and a 10 week public consultation process. However, the State Government of Western Australia has granted an exemption to allow AWAC to continue mining operations while the WA EPA undertakes its assessment and makes its determination. Subject to receipt of relevant approvals, construction for Myara North (i.e. where bauxite mined will be more reflective of the quality of ore mined historically in Western Australia) is planned to commence in CY25 with mining to be fully operational from CY27. Alcoa plans to commence construction, to facilitate the transition to Holyoake (where bauxite mined will also reflect the quality of ore mined historically in Western Australia), from approximately 2028 and commence operation from approximately 2030.

ALUMINA REFINERIES

The Australian alumina refineries have a nameplate capacity of around 9.8Mtpa and comprise the:

- Pinjarra refinery, which is located approximately 80km south of Perth (20km inland from Mandurah) and was commissioned in 1972. Pinjarra has a nameplate capacity of 4.7Mtpa and is AWAC's largest and most cost competitive refinery. Bauxite to feed the refinery is sourced from the Huntly mine;
- Wagerup refinery, which is located approximately 55km north-east of the port of Bunbury (80km south of Perth) and was commissioned in 1984. Wagerup has a nameplate capacity of 2.9Mtpa. Bauxite to feed the refinery is sourced from the Willowdale mine; and
- Kwinana refinery, which is located at the port of Kwinana (40km south of Perth) and is AWAC's oldest refinery (commissioned in 1963). Kwinana has a nameplate capacity of just under 2.2Mtpa but has been operating below nameplate since early 2023 due to operational disruptions caused by domestic natural gas shortages in Western Australia (at least initially). In January 2024, Alcoa announced that it planned to fully curtail operations at Kwinana by 3Q24.

Due to the close proximity of Pinjarra and Wagerup to their respective source mines, ROM bauxite ore is fed into the refineries by overland conveyor (over a distance of around 20-25km). Kwinana is located further away (around 50km) and therefore receives its ore by rail from the Pinjarra refinery. Alumina produced by the refineries is shipped via either the Port of Bunbury or Port of Kwinana to third party and internal customers.

To accommodate the expected transition to the Myara North and Holyoake zones of the mining area, AWAC is also seeking regulatory and environmental approvals to increase the production capacity of the Pinjarra refinery by 5% (to approximately 5.25Mtpa).

Natural gas is the primary power source for the refineries and is sourced from Western Australia's north-west gas fields via the Dampier to Bunbury Natural Gas Pipeline. AWAC has secured a significant portion of its gas requirements through long term agreements to at least 2032 (with more than 80% of its gas requirements covered through to 2027 and gradually stepping down through 2032) as well as other shorter term gas supply arrangements. Natural gas is used to co-generate steam and electricity for the refineries (as well as their neighbouring bauxite mines).

OPERATING PERFORMANCE

The historical operating performance of AWAC's Australian alumina operations from CY19 to CY23 is summarised below:

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AWAC'S AUSTRALIAN ALUMINA OPERATIONS – OPERATING PERFORMANCE

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Pinjarra	4.7	4.7	4.6	4.5	4.2
Wagerup	2.8	2.9	2.8	2.6	2.6
Kwinana	2.1	2.1	2.2	1.9	1.5
Total alumina produced (Mt)	**9.6**	**9.7**	**9.6**	**9.0**	**8.2**
KEY STATISTICS					
Total bauxite produced (Mt)	*34.7*	*34.8*	*34.7*	*31.4*	*30.9*
Implied bauxite usage ratio	*3.6x*	*3.6x*	*3.6x*	*3.5x*	*3.8x*
Implied refinery capacity utilisation	*98%*	*100%*	*98%*	*92%*	*84%*

Source: Alumina

AWAC's Australian alumina operations are mature operations that have historically produced around 9.5Mtpa of alumina per year. However, production has declined since CY21 due to a combination of factors. The decline in production at Pinjarra has been impacted by prolonged annual mine plan approval process which meant that mining could only be focussed on lower grade areas in the Huntly mine (as demonstrated by the higher bauxite usage ratios) and, as a consequence, prevents the refinery from operating at capacity. Its production rate is expected to continue to be impacted until the relevant approvals are secured and higher grade zones at Myara North and Holyoake can be mined. Kwinana has also been impacted by gas supply disruption and higher costs, which have led to a partial curtailment in 2023 and, eventually, announcement of its full curtailment and the cessation of alumina production by the end of 2Q24.

Production costs have generally risen due to the lower fixed cost absorption rates (from lower throughput) and higher energy and caustic soda costs. Due to their competitive cost structure, both Pinjarra and Wagerup were able to weather the downturn in alumina prices and remain profitable (although Kwinana, as a much older refinery, was more susceptible to the downturn).

Brazilian Alumina Operations

OVERVIEW

AWAC's operations in Brazil comprise the:

- Juruti bauxite mine (in which it holds a 100% interest), an open cut mine located in the state of Pará that commenced commercial operations in 2009; and
- Alumar alumina refinery (in which it holds a 39.96% interest) at São Luis. The other joint venture participants are South32 (36%), Alcoa (14.04%) and Rio Tinto (10%). The refinery commenced operations in 1984.

The Juruti mine has over 700Mt of mineral resource that contains alumina grades of around 45% and silica content of around 4.5-5.0%:

JURUTI – SUMMARY OF MINERAL RESOURCES AND MINERAL RESERVES

	MINERAL RESOURCES						MINERAL RESERVES			TOTAL		
	MEASURED AND INDICATED			INFERRED			PROVEN AND PROBABLE					
	MT	ALUMINA (%)	SILICA (%)	MT	ALUMINA (%)	SILICA (%)	MT	ALUMINA (%)	SILICA (%)	MT	ALUMINA (%)	SILICA (%)
Juruti	64.2	45.3%	4.5%	563.6	45.7%	4.7%	80.9	47.1%	3.5%	708.7	45.8%	4.5%

Source: Alcoa

Mining is undertaken via open pit mining, which produces a washed and unwashed bauxite product (with the former subjected to a single crushing-screening and washing circuit to remove fine particles from the ore). ROM ore is transported by rail over 50km to a wholly owned port facility where it is shipped to customers. Around 90% of bauxite production is sold to the Alumar alumina refinery (with the balance sold to third parties).

The Alumar alumina refinery is located in the Alumar primary aluminium and alumina production complex in the city of São Luis, located in Maranhão State in northern Brazil, approximately 1,900km east of the Juruti mine. The refinery has a nameplate capacity of just under 3.9Mtpa and its alumina product is sold to a number of Alcoa owned and operated smelters in the Atlantic region, the co-located Alumar smelter (also owned by Alcoa) and third party smelters.

OPERATING PERFORMANCE

The historical operating performance of AWAC's Brazilian alumina operations from CY19 to CY23 is summarised below:

AWAC'S BRAZILIAN ALUMINA OPERATIONS – OPERATING PERFORMANCE (39.96% BASIS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Alumina production (Mt)	1.5	1.5	1.5	1.5	1.3
Implied capacity utilisation	*95%*	*100%*	*95%*	*98%*	*87%*

Source: Alumina

AWAC's Brazilian alumina operations delivered broadly stable alumina production of around 1.5Mtpa between CY19 and CY22 (notwithstanding the curtailment and subsequent reopening and ramping up of the Alumar smelter). However, production in CY23 was impacted by several one off events including a nationwide power outage (in August 2023) and other unplanned equipment maintenance.

Spanish Alumina Operations

OVERVIEW

The San Ciprián alumina refinery is AWAC's only business operation in Spain (following its acquisition in 1998). The refinery forms part of the broader San Ciprián complex that also houses a smelter that is wholly owned by Alcoa. The San Ciprián refinery has been in operation for over four decades (commissioned in 1982) and currently sits towards the top end of the cost curve.

The refinery has a nameplate capacity of 1.6Mtpa and produces smelter grade alumina (which is supplied to Alcoa's aluminium smelters in Spain and other parts of Europe) and chemical grade alumina (which is sold to third party chemical manufacturers in Europe). Bauxite is sourced from AWAC's share of production from the mine in the Boké region in Guinea.

Due to its integration with the San Ciprián smelter, operational issues impacting the smelter have historically had a flow on impact on the refinery. The refinery has been under operational strain following an industrial dispute at the smelter (in CY21), exacerbated by an extended period of very high and volatile gas prices (in CY22). As a result, the San Ciprián refinery has been operating at approximately 50% of capacity since the third quarter of CY22 to mitigate these losses. Alcoa (as the operator of the refinery and smelter) has actively engaged with regional and national authorities to identify potential forms of relief to provide a long term solution for the San Ciprián complex, and recently announced that it has initiated a process for the potential sale of the San Ciprián complex.

OPERATING PERFORMANCE

The historical operating performance of the San Ciprián refinery from CY19 to CY23 is summarised below:

SAN CIPRIÁN REFINERY – OPERATING PERFORMANCE (100% BASIS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Alumina production (Mt)	1.6	1.5	1.5	1.3	0.7
Implied capacity utilisation	*100%*	*97%*	*96%*	*84%*	*45%*

Source: Alumina

The recent deterioration in operating and financial performance at the San Ciprián refinery reflects the constraints on its ability to "flex" production and, more importantly, the impact that the disruption in energy supply (particularly for natural gas in Europe) had on its operations in CY22 (and, to a lesser extent, CY23). As a result of these issues, the refinery has been loss making for a number of years.

Portland Aluminium Smelter (55% interest)

OVERVIEW

The Portland aluminium smelter is located in the coastal town of Portland, Victoria, approximately 360km west of Melbourne (or 240km west of Geelong). The smelter is jointly owned by AWAC (55% interest) and two other joint venture partners, Marubeni Aluminium Australasia Limited and CITIC (each with a 22.5% interest). Alcoa is responsible for managing the day-to-day operation of the smelter.

The smelter was commissioned in 1986 and is the largest employer in the region, with over 700 employees and contractors. It currently has an annual production capacity of 358kt of primary aluminium (principally in the form of 22.5kg aluminium ingots), with the majority exported to customers in Asia. Alumina is delivered twice a week from AWAC's Australian alumina operations (as well as from third parties) to the Port of Portland and is transported to the smelter via an enclosed overland conveyor.

For several decades, the Portland aluminium smelter benefited from a flexible energy tariff under its 30 year PPA with State Electricity Commission of Victoria (a state government body) that offered a power price linked to the price of aluminium. However, the expiry of the agreement in 2016 (as well as the age of the smelter) exposed the smelter to increasingly volatile energy prices (which were impacted by the accelerating pace of the energy transition and the closure of a number of baseload coal fired power plants).

Since the expiry of the original PPA, the smelter has required additional government support to sustain operations, including:

- in January 2017, receipt of a joint Federal and State Government of Victoria funding package and a new PPA with AGL Energy Limited ("AGL") for an additional four years; and
- in 2021, receipt of an additional ongoing funding commitment from the Federal Government (matched by the State Government of Victoria) and the signing of a new five year PPA with several energy suppliers (i.e. AGL, Alinta Energy Pty Limited and Origin Energy Limited) to cover its power requirements. The PPA with AGL was subsequently extended by an additional nine years from July 2026 to help meet 50% of its power requirements over the extension period.

The majority of the smelter's power continues to be sourced from coal-fired power stations but renewable energy has represented a growing share of its energy needs (approximately 40% by mid 2023).

OPERATING PERFORMANCE

The historical operating performance of Portland aluminium smelter from CY19 to CY23 is summarised below:

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PORTLAND ALUMINIUM SMELTER – OPERATING PERFORMANCE (55% BASIS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Aluminium production (kt)	161	160	151	159	156
EBITDA ($ millions)	(20)	4	73	65	(10)
KEY STATISTICS					
Aluminium production (kt) (100% basis)	*293*	*291*	*275*	*289*	*284*
Implied capacity utilisation	*82%*	*81%*	*77%*	*81%*	*79%*

Source: Alumina

While production has been broadly stable over the last five years, the profitability of the smelter has exhibited wide swings due to the volatility of aluminium prices and inflationary pressure on costs. Energy prices remain substantially higher than historical levels but more recently have been relatively stable (compared to the wide swings seen in CY17 and CY18). The rising cost pressures have largely been due to the cost of carbon material (e.g. coke and pitch, which are often sourced from coal) which has nearly doubled in recent years.

Equity Accounted Investments

GUINEA

Halco (Mining) Inc. ("Halco"), a consortium of AWAC (45% interest), Rio Tinto Group (45% interest) and Dadco Investments Limited (10% interest), is the principal vehicle through which AWAC holds its interest in Guinea. Halco owns a 51% interest in CBG, which is co-owned by the Republic of Guinea. Through these arrangements, AWAC has a pro rata ownership interest of 22.95% in CBG.

CBG's bauxite mine is located in the Boké region, in north-west of Conakry (the capital of Guinea). CBG has the exclusive right to develop and mine bauxite in certain areas within an approximate 3,000km^2 in north-western Guinea. The bauxite deposits within CBG's lease are substantial and contain high grade bauxite with low levels of reactive silica. The mining lease is valid until 2038, after which renewal (in 25 year increments) would be required from the Government of Guinea.

CBG currently produces approximately 16Mtpa of bauxite, which is transported by rail to Kamsar port (approximately 130km away) where the ore is crushed, dried and shipped to export markets. Each of the consortium members is entitled to their share of CBG production. AWAC ships its share of bauxite to its San Ciprián refinery in Spain (and, depending on market conditions, also sells some output to third parties).

SAUDI ARABIA

AWAC's interest in Saudi Arabia is held through a joint venture between Alcoa (on behalf of AWAC) and the Saudi Arabian Mining Company ("Ma'aden"). The joint venture was formed in December 2009 to develop a fully integrated aluminium industrial complex in the Kingdom of Saudi Arabia at an initial capital cost of around $10.8 billion which was primarily debt funded. The industrial complex was first commissioned in 2012, with first production in 2014 and full operating capacity reached in 2015.

The joint venture comprises two entities (of which AWAC is party to only one):

- Ma'aden Bauxite and Alumina Company, a bauxite mine and alumina refinery (with a capacity of 1.8Mtpa) in which AWAC owns a 25.1% interest; and
- Ma'aden Aluminium Company, an aluminium smelter (with a capacity of 804ktpa) in which Alcoa owns a 25.1% interest.

Alcoa also owned a 25.1% interest in the Ma'aden Rolling Company, an aluminium rolling mill, but Alcoa transferred its interest back to Ma'aden following an amendment to the joint venture agreement in June 2019.

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The joint venture agreement sets out an initial 30 year term and includes an automatic extension for an additional 20 years unless the parties agree otherwise or unless earlier terminated. The agreement sets out certain restrictions on the transfer or sale of AWAC (or Alcoa's) interest, including granting Ma'aden the right of first refusal for such transactions.

Other

SHIPPING OPERATIONS

The Alcoa Steamship Company LLC is wholly owned by AWAC and provides ocean freight and commercial shipping services to AWAC's alumina business and to third parties, including Alcoa. The shipping business operates both leased and chartered vessels and transports dry and liquid bulk cargoes (e.g. bauxite, alumina, caustic soda, fuel oil, petroleum, coke and limestone).

4.2.2 Management of AWAC

The management of AWAC is governed by a series of umbrella agreements that deal with a range of issues. While these agreements have largely been in place since inception of the joint venture, a number of them were amended in September 2016 following the separation of Alcoa (from its predecessor Alcoa Inc.).

The key terms of the agreements are:

- Management

  Alcoa is responsible for the general operational management of AWAC.

- Strategic Council

  The Strategic Council is broadly responsible for providing direction to management on matters of a strategic or policy nature. The Strategic Council comprises three Alcoa representatives (including the Chair) and two Alumina representatives and must meet at least twice yearly.

- Key decisions

  Certain key decisions require the approval of both Alcoa and Alumina on a "super majority" vote (80%) by the Strategic Council, effectively providing Alumina with "negative control" rights over AWAC in relation to certain key decisions. These decisions include matters relating to changes in the scope of AWAC's activities, dividends, entry into financial derivatives, shareholder loans, an update/amendment to the pricing formula (as set out in any agreements for related party supply of bauxite and alumina), acquisitions, divestitures, expansions and curtailments above 0.5Mtpa of alumina or 2.0Mtpa of bauxite, a decision to file for insolvency, equity calls on Alcoa and Alumina (where greater than $1 billion in any year) as well as acquisitions, divestments, expansions or curtailments[27] or related party transactions of $50 million or greater. All other matters are decided by a majority vote.

- Exclusivity

  Subject to certain limited exceptions, Alumina and Alcoa must conduct their bauxite and alumina operations through AWAC and may not compete with AWAC (unless otherwise agreed between Alumina and Alcoa). Exclusivity provisions fall away in the event of a change of control of either Alumina or Alcoa.

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[27] The supermajority consent requirement in respect of curtailments only applies to full curtailments of AWAC assets and does not apply if the AWAC asset in question has had two consecutive quarters of losses immediately prior to the proposed curtailment.

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- Dividend policy

  AWAC must distribute by way of dividends at least 50% of the net income of the prior quarter. In addition, surplus cash of the entire AWAC group above $140 million must be distributed on a quarterly basis.

- Gearing

  AWAC debt levels (net of cash) must not exceed 30% of total capital (being the sum of shareholders' equity, debt (net of cash) and minority interests).

  The AWAC joint venture is able to raise a limited amount of debt to fund growth projects within 12 months of this becoming permissible under Alcoa's revolving credit facility, provided that the amount of debt does not trigger a credit rating downgrade for Alcoa. Specifically, the level of debt raised by AWAC (and other subsidiaries of Alcoa that are not loan parties under Alcoa's credit facility) is capped at 50% of the total level of debt that Alcoa (and its subsidiaries) are permitted to raise under Alcoa's credit facility.

- Pre-emptive rights

  Alcoa and Alumina have pre-emptive rights in respect of each other's interest in AWAC.

As part of the amendments agreed in 2016 between Alumina and Alcoa, the agreements now include a number of provisions that become effective in the event of a change of control of Alumina. These provisions provide bauxite and alumina offtake rights in favour of Alumina or its acquirer as well as the termination of exclusivity provisions and the relaxation of restrictions in relation to future development projects and expansions.

4.2.3 Strategy

AWAC's strategy is designed to insulate and grow the business operations amidst the uncertainties and cyclicality of the aluminium industry. These uncertainties include macroeconomic factors (e.g. global industrial growth), competitive tension (e.g. overcapacity, subsidies) and sudden (often unexpected) changes to supply and/or demand (which in turn influence market prices for aluminium and its intermediate products).

To navigate these uncertainties, AWAC's strategic priorities are to:

- achieve a low position on the global cost curve for bauxite mines and alumina refineries, which includes identifying cost improvement initiatives in production and, at times, divestments or closures of unprofitable operations;
- diversifying its customer base, which involves establishing a broad customer base across countries and regions and improving its carbon emissions profile to make its products more attractive to customers actively seeking "greener" alumina; and
- proactively managing its energy exposure, which involves regular review of AWAC's energy requirements and appropriate contracting (i.e. short term or long term, floating or fixed) as well as potential technology investments (e.g. electrification of refineries) by Alcoa and Alumina.

AWAC's strategy is aligned to Alumina's mission of focusing on investing in long life, low cost bauxite and alumina assets. However, as a minority joint venture partner, Alumina also recognises that its views and Alcoa's may not always align as they are separate companies with different shareholder bases, governance requirements and objectives. Accordingly, Alumina is also focussed on developing an independent understanding of the aluminium industry and, through Alumina's representatives on the Strategic Council and relevant AWAC entity boards, engaging with Alcoa to achieve its strategic goals.

4.3 Financial Performance

Alumina Financial Performance

The historical financial performance of Alumina for CY19 to CY23 is summarised below:

ALUMINA - FINANCIAL PERFORMANCE ($ MILLIONS, AASB)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Total revenue	**2**	**-**	**-**	**1**	**1**
Corporate overheads	(12)	(13)	(13)	(13)	(12)
EBITDA[28]	**(10)**	**(13)**	**(13)**	**(12)**	**(11)**
Share of NPLAT from equity accounted associates[29]	345	165	243	125	(61)
Foreign exchange gains/(losses)	(1)	-	-	-	-
Finance costs	(7)	(5)	(4)	(4)	(20)
Income tax expense	-	-	-	-	-
NPLAT attributable to Alumina shareholders	**327**	**147**	**226**	**109**	**(92)**
Significant items (after tax)[29]	(113)	-	(38)	(5)	(58)
Reported NPLAT attributable to Alumina shareholders	**214**	**147**	**188**	**104**	**(150)**
KEY STATISTICS					
Reported basic EPS	*7.4c*	*5.1c*	*6.5c*	*3.6c*	*(5.2)c*
DPS	*8.0c*	*5.7c*	*6.2c*	*4.2c*	-
Amount of dividend franked	*100%*	*100%*	*100%*	*100%*	-

Source: Alumina and Grant Samuel analysis

Alumina's profit and loss statement is of limited benefit in understanding its financial performance. Under the relevant accounting standards, Alumina is required to account for its investment in AWAC using the equity method. This accounting treatment means that it recognises only its share of NPLAT from AWAC in its profit and loss statement (instead of other metrics such as share of revenue, EBITDA and EBIT).

The analysis does show, however, that Alumina has faced increasing financial pressure as its EPS and DPS have generally declined over the past five years. The decline in financial performance was exacerbated by the increase in finance costs in CY23 as Alumina was required to contribute increasing amounts of capital to AWAC following a difficult year in which it generated a net loss (see Section 4.5).

AWAC Financial Performance

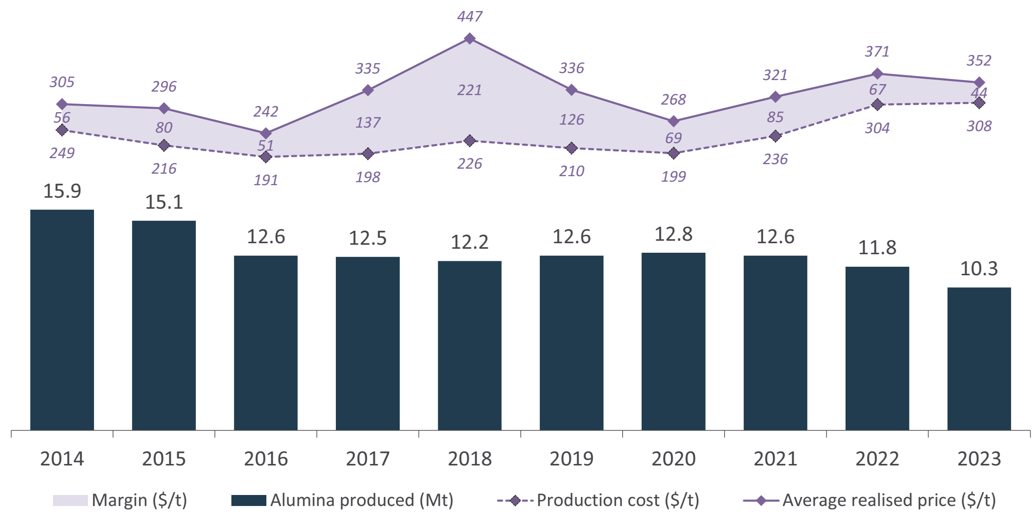
AWAC's operating performance provides more insight into the factors driving Alumina's financial performance. As the largest supplier of third party alumina globally (outside China), AWAC's financial performance is heavily influenced by the performance of its global alumina operations.

To illustrate AWAC's operating performance through the cycle (including a supply squeeze in CY18), the chart below shows alumina production, production cost and implied margin over the past 10 years:

[28] EBITDA for the purposes of this report differs from the EBITDA reported in Alumina's financial results as EBITDA for the purposes of this report excludes share of NPLAT from equity accounted associates.

[29] Share of NPLAT from equity accounted associates (i.e. AWAC) is before significant items. Alumina's significant items relate to AWAC and are shown separately.

AWAC – ALUMINA PRODUCTION, PRODUCTION COST AND IMPLIED MARGIN[30]



Source: Alumina and Grant Samuel analysis

AWAC's operating performance over the last ten years can be broadly categorised into three phases:

- CY14 and CY15, when AWAC faced a structurally higher cost profile albeit at higher production volumes of around 15-16Mtpa. At the time, both the Point Comfort refinery and the Suralco refinery (which faced ongoing energy challenges and a depleting bauxite supply) were still in operation. As a group, AWAC's unit production costs were well above $200/t (and closer to $250/t in CY14). Both refineries were later curtailed/closed as part of AWAC's transformation and portfolio optimisation programme to improve the group's position on the international cost curve;
- CY16 to CY21, when AWAC delivered consistent production output (around 12.5Mtpa) at a generally stable cost profile (around $190-210/t). While production was partly impacted by the industrial action at the Australian alumina operations in 2018, AWAC's financial performance (particularly its margins) were buoyed by global supply disruptions and shortages (e.g. force majeure at the Alunorte refinery and sanctions against Rusal) that sent alumina prices to record highs; and
- CY22 and CY23, when AWAC's production output fell progressively to around 10Mtpa in CY23 (and is expected to fall further to around 9.4Mtpa in CY24). The decline in production was caused by a number of factors including issues at its Australian alumina operations (which faced lower grade bauxite ore and gas supply disruption) and the San Ciprián refinery (which has been loss making and is currently partially curtailed). These pressures were exacerbated by significantly higher energy costs and caustic soda costs which have squeezed margins to tighter levels than those seen historically.

Despite the cyclical market conditions and changes to AWAC's unit production cost profile over the last 10 years, AWAC has consistently generated positive unit margins through the cycle. However, unit margins have been extremely volatile and have been across a very wide range, including windfall profits in CY18 following the global alumina supply squeeze that have not been seen at any other point in AWAC's recent history. Since then, unit margins have been on a downward trend with a sharp decline in unit margins in CY23 reflecting the collective impact of a decline in production rates (impacting fixed cost absorption rates), higher input costs (e.g. energy and caustic soda costs) and, in some cases (as seen in São Luis), unplanned downtimes.

30 For the purposes of this chart, AWAC's alumina production excludes its share of alumina production from the Ma'aden joint venture (circa 400-500ktpa).

At the same time, the increase in AWAC's production costs also reflects the contributions from Kwinana and San Ciprián, both of which have been its higher cost alumina refining operations. The curtailment of Kwinana by 3Q24 should result in an immediate improvement in AWAC's average cost profile in the latter portion of CY24 (and beyond). While the longer term future for San Ciprián remains undecided at this stage, any decision to curtail operations should also push AWAC's overall production costs lower (and widen implied margins especially at prevailing alumina prices). Excluding these two refineries, AWAC's cost profile would be principally underpinned by its low cost refineries in Western Australia as well as São Luis.

The deterioration (and volatility) in AWAC's financial performance over the past five years is clear from the table below:

AWAC – FINANCIAL PERFORMANCE ($ MILLIONS, US GAAP) (100% BASIS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Alumina production[31] (Mt)	*13.1*	*13.3*	*13.1*	*12.2*	*10.7*
Alumina sales to Alcoa (Mt)	*3.4*	*3.6*	*3.6*	*3.2*	*3.7*
Third party alumina sales (Mt)	*9.5*	*9.6*	*9.6*	*9.2*	*8.7*
Realised alumina price ($/t)	*336*	*268*	*321*	*371*	*352*
Sales to Alcoa	1,444	1,212	1,513	1,621	1,492
Third party revenue	3,772	3,118	3,711	4,094	3,904
Revenue	**5,216**	**4,330**	**5,224**	**5,715**	**5,396**
EBITDA[32]	**1,587**	**923**	**1,178**	**671**	**247**
Depreciation, amortisation and depletion	(306)	(288)	(327)	(295)	(317)
EBIT	**1,281**	**634**	**852**	**376**	**(70)**
Share of NPLAT from equity accounted associates	6	(23)	4	(40)	(47)
Net interest income/(expense)	5	-	(1)	19	5
Other income/(expenses) (net)[33]	(6)	(5)	23	183[34]	10
Provision for income tax	(405)	(200)	(274)	(224)	(70)
NPLAT	**880**	**407**	**604**	**314**	**(172)**
Significant items (before tax)	(325)	1	(60)	3	(45)
Tax impacts[35]	10	(6)	(101)	(16)	(101)
Reported NPLAT	**565**	**402**	**444**	**301**	**(318)**
KEY STATISTICS					
Revenue growth		*-17%*	*+21%*	*+9%*	*-6%*
EBITDA growth		*-42%*	*+28%*	*-43%*	*-63%*
EBIT growth		*-50%*	*+34%*	*-56%*	*-119%*
EBITDA margin	*30%*	*21%*	*23%*	*12%*	*5%*
EBIT margin	*25%*	*15%*	*16%*	*7%*	*(1)%*
Effective tax rate	*32%*	*33%*	*31%*	*42%*	*(68)%*
Interest cover	*346x*	*302x*	*448x*	*130x*	*nmc*

Source: AWAC and Grant Samuel analysis

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31 Alumina production includes AWAC's share of alumina production from the Ma'aden joint venture.

32 EBITDA for the purposes of this report differs from "AWAC EBITDA excluding significant items" reported by Alumina as EBITDA for the purposes of this report excludes share of NPLAT from equity accounted associates and other income/(expenses) (net).

33 Other income/(expenses) (net) is primarily non-service costs in relation to pension and other postretirement benefits (i.e. interest cost, expected return on plan assets, recognised actuarial loss and amortisation of prior service benefit) and foreign currency gains/(losses).

34 Other income/(expenses) (net) in CY22 includes a $132 million net gain on the mark to market of derivative instruments that Alumina did not treat as a significant item in its reporting of AWAC's financial performance (and was therefore included in AWAC's CY22 EBITDA that was reported by Alumina). Alcoa treats this amount differently to Alumina and Alcoa's treatment has been adopted in this report for consistency between the financial performance of AWAC, Alcoa and Alcoa's non-AWAC assets.

35 Tax impacts include discrete and other tax impacts and the tax impact on significant items.

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Over the last five years, AWAC's financial performance has varied considerably but has generally trended strongly downwards. While its financial performance needs to be considered in the context of the record alumina prices and profits realised in CY18 (with some of the positive effects flowing into CY19), there is clear evidence that the quality of AWAC's earnings has deteriorated over the period.

Revenue has been impacted by fluctuations in average realised prices for alumina, particularly in CY20. While average realised prices for alumina increased in CY21 and CY22, the sustained reduction in alumina production from CY20 (particularly in Western Australia and at the San Ciprián refinery) offset some of the benefits of the stronger prices realised in those years. Contributions from third party bauxite sales and primary aluminium sales partly mitigated some of these revenue fluctuations, but they accounted for just 12-15% of revenue over this period.

With the exception of CY21 (which saw a sharp rebound in alumina prices), AWAC's profitability has declined in each of the years presented as average realised prices have failed to keep pace with rising energy costs and other input costs. The sharp rise in costs has caused EBITDA margins to fall from 30% in CY19 to 5% by CY23, with EBIT margins more severely impacted (and turning negative by CY23), given the fixed nature of depreciation, amortisation and depletion charges. Losses from AWAC's equity accounted associates placed further pressure on profits as some of these investments (e.g. the Ma'aden joint venture) carried substantial amounts of project finance debt and generated limited, if any, profits.

Significant items principally relate to the downsizing efforts undertaken by AWAC in recent years, particularly restructuring charges associated with the closures of the Suralco refinery and Point Comfort smelter as well as the loss on the sale of AWAC's interest in MRN:

AWAC – SIGNIFICANT ITEMS ($ MILLIONS, US GAAP) (100% BASIS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
Change in the fair value of Portland energy contracts	-	-	-	39	(13)
Reversal of derecognised VAT credits in Brazil	-	-	-	60	-
Loss on sale of Mineração Rio do Norte	-	-	-	(43)	-
Brazilian asset retirement obligaiton adjustment	-	-	-	(19)	-
Restructuring related charges – Suralco	(13)	(10)	(69)	-	-
Restructuring related charges – Point Comfort	(289)	(11)	(3)	-	-
Other (restructuring, severance and other payments)	(24)	22	13	(34)	(32)
Total significant items (before tax)	**(325)**	**1**	**(60)**	**3**	**(45)**

Source: AWAC

Outlook

Alumina has not publicly released detailed earnings forecasts for CY24 or subsequent years. However:

- on 27 February 2024 (in conjunction with the release of its CY23 financial results), Alumina provided guidance on certain parameters for AWAC (on a 100% basis) for CY24:
  - total production of 9.4Mt of alumina (down around 10% from CY23) and 161kt of aluminium (up 5% from CY23).

    Shipments of alumina are expected to remain broadly consistent at around 12.4-12.6Mt (in line with CY23) but third party bauxite shipments are expected to fall from 7.6Mt to around 7.0Mt;
  - one-off costs in relation to the curtailment of Kwinana (around $130 million) and other environmental and asset retirement obligations and restructuring costs (around $160 million); and
  - capital expenditure of $360 million (around 30% higher than in CY22 and CY23). The higher capital expenditure requirement is due to the mine move at the Huntly bauxite mine,

debottlenecking investments at Alumar refinery, other cost saving initiatives in Brazil and Kwinana water treatment;

- Alcoa's Proxy Statement includes standalone projections for Alumina for the five years from CY24 to CY28 prepared on a proportionately consolidated basis (i.e. including Alumina's 40% interest in AWAC). The standalone projections and implied projections for 100% of AWAC are summarised as follows[36]:

ALUMINA – STANDALONE PROJECTIONS ($ MILLIONS)

	CY24 PROJECTION	CY25 PROJECTION	CY26 PROJECTION	CY27 PROJECTION	CY28 PROJECTION
Benchmark alumina price ($/t)	*350*	*407*	*426*	*440*	*451*
AS REPORTED BY ALCOA (40% SHARE OF AWAC)					
Revenue	1,830	1,941	2,068	2,230	2,407
EBITDA (including 40% share of AWAC and Alumina overhead)	91	325	443	549	711
Capital expenditure	(151)	(185)	(184)	(149)	(173)
IMPLIED 100% OF AWAC					
Revenue	4,575	4,853	5,170	5,575	6,018
EBITDA	259	844	1,139	1,404	1,809
Capital expenditure	(378)	(463)	(460)	(373)	(433)

Source: Alcoa Proxy Statement and Grant Samuel analysis

The CY24 projections set out in Alcoa's Proxy Statement are premised on alumina prices of $350/t, which are materially lower than current prices (which closed at nearly $400/t on 30 April 2024 and $478/t on 31 May 2024) (or even compared to the majority of CY24 to date (up to the end of April 2024), which have been generally at or around $370/t). AWAC's earnings are extremely sensitive to movements in alumina prices. Assuming an alumina price of $370/t for CY24 (i.e. an increase of alumina prices by $20/t to a level broadly in line with the average prices in CY24) would result in an increase in EBITDA by around $180 million to around $440 million.

It should be noted that these projections are not comparable to Alumina's historical financial performance set out above as they include Alumina's 40% interest in AWAC on a proportionate basis; and

- Grant Samuel also considered brokers' median forecasts for AWAC (see Appendix 2) provided by:
  - brokers that follow Alumina. Six of the eight brokers that follow Alumina separately disclose forecasts for AWAC; and
  - brokers that follow Alcoa. Only five of the thirteen brokers that follow Alcoa separately disclose forecasts for the Alumina segment, which principally represents its interest in AWAC, although there are some differences including the exclusion of the Portland smelter (which is captured in the Aluminium segment) and differences in interests in certain assets (e.g. São Luis).

However, the median brokers' forecasts for CY24 and CY25 differ materially from the Alumina Corporate Model, the AWAC CY24 Forecast and the 5 year AWAC forecasts included in Alcoa's Proxy Statement and therefore have not been relied on for the analysis.

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36 Alcoa does not, as a matter of course, publicly disclose long term projections or internal projections of its expected future financial performance. The Alcoa management projections were not prepared with a view to public disclosure but have been included in Alcoa's Proxy Statement solely because such information was made available to the Alcoa Board and to its advisor, J.P. Morgan, and used in the process leading to the execution of the transaction. The Alcoa management projections are subject to certain limitations set out in Alcoa's Proxy Statement, which cautions stockholders and other investors not to place undue reliance on the projections.

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4.4 Financial Position

Alumina Financial Position

The financial position of Alumina as at 31 December 2023 is summarised below:

ALUMINA - FINANCIAL POSITION ($ MILLIONS, AASB)

	AS AT 31 DECEMBER 2023 ACTUAL
Payables	(3)
Net working capital	**(3)**
Right of use asset	2
Equity accounted investment	1,730
Provisions	(1)
Other (net)	2
Total funds employed	**1,729**
Cash and deposits	2
Borrowings	(296)
Net borrowings (excluding lease liabilities)	**(294)**
Lease liability	(1)
Net borrowings (including lease liabilities)	(295)
Net assets	**1,434**
KEY STATISTICS	
Shares on issue at period end (million)	*2,901.7*
Net assets per share	*49c*
Gearing[37] (excluding lease assets and lease liabilities)	*17.0%*
Gearing (including lease assets and lease liabilities)	*17.1%*

Source: Alumina and Grant Samuel analysis

Analysis of Alumina's financial position is complicated by the accounting treatment of its interest in AWAC. Under the relevant accounting standards, Alumina's 40% share of AWAC's assets and liabilities is not included in its balance sheet but is instead recognised as an equity accounted investment, which represents Alumina's 40% interest in AWAC's net assets (as amended by Alumina, see below).

However, the following observations can be made in relation to Alumina's financial position:

- the right of use asset (and corresponding lease liability) is in relation to leased office space for the Alumina corporate office;
- there are no deferred tax assets (or liabilities). While Alumina receives dividends from AWAC's operations (principally from its Australian operations), only the dividends received from the Australian operations are franked. However, Alumina does not generate any meaningful income from other activities to offset its ongoing corporate expenses; and
- borrowings comprise $500 million in syndicated US$ denominated bank facilities that are due to mature in tranches over the next three years (i.e. in October 2025 ($100 million), January 2026 ($150 million), July 2026 ($150 million) and June 2027 ($100 million)). As at 31 December 2023, approximately $204 million of the bank facilities were undrawn. Alumina's gearing ratio of around 17% is the highest it has been in over 10 years and reflects the deterioration in AWAC's financial performance in CY23.

Alumina's equity accounted investment of $1,730 million represents its 40% interest in AWAC. The carrying value is not the same as 40% of AWAC's net assets (see below) as AWAC's financial statements are

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[37] Gearing is net borrowings divided by net assets plus net borrowings.

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amended to reflect adjustments made by Alumina when using the equity method, including adjustments for differences in accounting policies (i.e. AASB vs US GAAP).

AWAC Financial Position

The financial position of AWAC as at 31 December 2023 is set out below:

AWAC - FINANCIAL POSITION ($ MILLIONS, US GAAP) (100% BASIS)

	AS AT 31 DECEMBER 2023 ACTUAL
Receivables and prepayments	668
Inventories	735
Accounts payable and accruals	(973)
Net working capital	**431**
Property, plant and equipment (net)	3,173
Equity accounted investments	375
Net tax balances	(381)
Fair value of derivative instruments (net)	16
Asset retirement obligations	(690)
Environmental remediation	(91)
Accrued pension and other postretirement benefits	(43)
Other assets and liabilities (net)	947
Total funds employed	**3,736**
Cash and cash equivalents	354
Borrowings	(79)
Net cash (excluding lease liabilities)	**275**
Lease liabilities	(93)
Net cash (including lease liabilities)	**182**
Net assets	**3,918**

Source: AWAC and Grant Samuel analysis

Due to the capital intensive nature of AWAC's operations, the majority of its capital is deployed in long term fixed assets and liabilities including:

- property, plant and equipment, which principally relate to the refinery structures and associated machinery and equipment (as well as the relevant fixed assets required for bauxite mining and aluminium smelting operations);
- asset retirement obligations, which are the present value of future costs associated with mine reclamation, closure of bauxite residue areas, spent pot lining disposal and landfill closures. The obligations are recognised only once the decision is made to permanently close and demolish certain structures and/or facilities. Environmental remediation liabilities are recognised separately. AWAC has noncurrent related party receivable due from Alcoa of $29 million in relation to certain environmental remediation and asset retirement obligations that will be reimbursed by Alcoa in accordance with the terms of the joint venture agreements;
- prepayments relating to gas:
  - a gas supply prepayment ($37 million included in prepayments and $283 million included in other assets and liabilities), which represents the outstanding balance of AWAC's gas supply agreements for its alumina refineries in Western Australia. AWAC originally prepaid $500 million to secure a gas supply for 12 years through to the end of 2031; and

- a prepaid gas transmission contract ($297 million, included in other assets and liabilities) related to access to approximately 30% of the Dampier to Bunbury Natural Gas Pipelines transmission capacity in Western Australia for gas supply to its three alumina refineries; and

- deferred mining costs ($185 million, included in other assets and liabilities), which represent capitalised expenditure incurred as part of the development of mines or mining areas (e.g. construction of access and haul roads, drilling and geological analysis costs and overburden removal costs). These costs are amortised as mining is undertaken in the areas (typically over periods of one to five years).

Other relevant items in AWAC's financial position include:

- equity accounted investments, which represent the carrying value of AWAC's interests in Saudi Arabia (25.1% interest in Ma'aden Bauxite and Alumina Company, $155 million) and Guinea (45.0% interest in Halco, $220 million);
- related party receivables ($29.2 million), which represent a receivable in relation to certain environmental remediation and asset retirement obligations that will be reimbursed by Alcoa; and
- pensions and postretirement benefits, net of any prepaid pension benefit ($41.7 million net liability).

AWAC has its own separate debt facilities that are due to mature on 1 November 2024 (with the ability to extend the maturity to a later date). Interest on the facilities accrue at a rate based on the Secured Overnight Financing Rate (currently circa 5.3%) plus 145 basis points. Alumina has an issuer credit rating of BB with a negative outlook from S&P (downgraded from BBB-[38] on 9 April 2024).

AWAC's financial position includes a number of tax related items (e.g. deferred tax liabilities, tax loss carryforwards, valuation allowances and value added tax ("VAT") credits). AWAC also has other tax related assets and liabilities that have not been recognised in its financial position for the following reasons:

- the outcome of an ongoing dispute with the ATO over the pricing of certain historical third party alumina sales dating back over two decades. The dispute is now before the Australian Administrative Appeals Tribunal, a process which AWAC expects could last several years. AWAC is defending the proceedings. In relation to the dispute with the ATO, AWAC has recognised:
  - $199.3 million in accrued tax liability in relation to deferred interest which is taxable as income if the dispute is resolved in AWAC's favour (as the interest expense has already been deducted from AWAC's taxable income as interest has accrued); and
  - $72.6 million in tax assessment deposits, which comprises AWAC's upfront payment of 50% of the assessed income tax amount exclusive of any interest or penalties. This amount would be refunded to AWAC if the dispute is resolved in AWAC's favour.

  However, a provision in relation to any tax expense (or other potential losses) has not been recognised by AWAC as it believes that an outflow is not probable nor is it possible to determine the ultimate impact (if any); and
- the outcome of a dispute with the Brazilian Federal Revenue Office ("RFB") in relation to certain VAT credits previously claimed in 2012 and 2013 and subsequently disallowed by the RFB. AWAC management has estimated that the possible loss could range from nil to $62 million but a liability has not been recognised as AWAC management is not able to reasonably predict an outcome for this matter.

In addition, AWAC has not recognised a deferred contingent payment of $16 million from South32 in relation to the sale of MRN in Brazil. The contingent payment is dependent on the satisfaction of certain conditions in relation to future MRN mine development.

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[38] On 5 September 2023, prior to the ratings downgrade, S&P had placed Alumina on CreditWatch with negative implications.

4.5 Cash Flow

Alumina Cash Flow

Alumina's cash flow for CY19 to CY23 is summarised below:

ALUMINA - CASH FLOW ($ MILLIONS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
EBITDA	**(10)**	**(13)**	**(13)**	**(12)**	**(11)**
Dividends received from AWAC	382	172	191	361	30
Contributions to associates (net of capital returns)	39	11	2	(194)	(189)
Changes in working capital and other adjustments	1	1	1	2	1
Free cash flow from operations	**412**	**171**	**181**	**157**	**(169)**
Tax paid	-	-	-	-	-
Net interest paid	(8)	(5)	(3)	(4)	(19)
Cash flow from operations	**404**	**166**	**178**	**153**	**(188)**
Dividends paid to Alumina shareholders	(533)	(161)	(183)	(203)	-
Share purchases for employee share plan	(1)	(1)	(1)	-	-
Other	(22)	-	-	-	-
Net cash generated/(used)	**(152)**	**4**	**(6)**	**(50)**	**(188)**
Net cash/(borrowings)[39] – opening	*96*	*(55)*	*(50)*	*(56)*	*(106)*
Adjustments (e.g. foreign exchange)	*1*	*1*	-	-	-
Net cash/(borrowings)[39] – closing	*(55)*	*(50)*	*(56)*	*(106)*	*(294)*

Source: Alumina and Grant Samuel analysis

Alumina's free cash flow depends on the distributions received from, and funding requirements of, AWAC. Distributions are paid by AWAC on the third week of each quarter whereas funding for AWAC's working capital requirements is made at the end of each quarter (unless required otherwise).

Dividends received from AWAC have generally been sufficient to support the dividends paid to Alumina shareholders (the discrepancy in CY19 related to the payment of the final dividend for CY18 of 14.1 cents per share in March 2019 following the positive impact of high alumina prices on financial performance in CY18). Free cash flow has been supported by capital returns from AWAC which have exceeded AWAC's working capital requirements over the period from CY19 to CY21. However, the deterioration in AWAC's financial performance has led to an increase in working capital contributions (in CY22 and CY23) and a sharp reduction in dividends (in CY23), reducing Alumina's free cash flow. As a result, Alumina has had to increasingly draw on its available borrowing capacity (increasing its net borrowings and pushing its gearing ratios higher) and did not pay a dividend to its shareholders in CY23.

39 For the purposes of the cash flow statement, net cash/(borrowings) excludes lease liabilities.

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AWAC Cash Flow

AWAC's cash flow for CY19 to CY23 is summarised below:

AWAC - CASH FLOW ($ MILLIONS, US GAAP) (100% BASIS)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL
EBITDA	**1,587**	**923**	**1,178**	**671**	**247**
Movement in working capital	134	(49)	(250)	(28)	71
Other adjustments[40]	(814)	(202)	(210)	(162)	(328)
Capital expenditure	(177)	(211)	(241)	(273)	(279)
Free cash flow	**729**	**461**	**478**	**208**	**(288)**
Capital contributions	128	60	65	535	471
Distributions and return of capital	(1,180)	(517)	(550)	(947)	(75)
Free cash flow after contributions and distributions	**(323)**	**3**	**(7)**	**(204)**	**108**
Proceeds from sale of assets	4	2	30	10	3
Net cash generated/(used)	**(319)**	**5**	**23**	**(194)**	**111**
Net cash/(borrowings)[39] – opening	*656*	*340*	*362*	*368*	*157*
Adjustments (e.g. foreign exchange)	*4*	*16*	*(21)*	*(18)*	*8*
Net cash/(borrowings [39] – closing	*340*	*362*	*368*	*157*	*275*
KEY STATISTICS					
Capital expenditure as a % of EBITDA	*11%*	*23%*	*20%*	*41%*	*113%*
Free cash flow as a % of EBITDA	*46%*	*50%*	*41%*	*31%*	*(117)%*

Source: AWAC and Grant Samuel analysis

Despite its capital intensity, AWAC has historically been a highly cash generative business. However, its free cash flow has declined in each of the last five years as a result of its deteriorating financial performance and material one off cash outflows from the closure of Suralco refinery and Point Henry smelter (particularly in CY20 and CY21). While EBITDA has generally exceeded capital expenditure requirements, the deterioration in performance in CY23 meant that EBITDA was insufficient to cover AWAC's ongoing capital expenditure requirements (the majority of which are sustaining in nature).

Due to AWAC's declining cash flow from operations, it has required increasing capital contributions from its joint venture partners (Alumina and Alcoa). Across CY22 and CY23 total capital contributions exceeded $1 billion. Similarly, dividends paid and capital returns have trended downwards (except in CY22, following a resurgence in alumina prices in CY21), falling from more than $1 billion in CY19 to $75 million in CY23.

4.6 Taxation Position

Under the Australian tax consolidation regime, Alumina and its wholly owned Australian resident entities have elected to be taxed as a single entity.

As at 31 December 2023, Alumina did not recognise any carried forward capital or income tax losses in its financial accounts. However, it had unrecognised revenue tax losses of $307 million (tax effected) and unrecognised capital tax losses of $343 million (tax effected). These losses had not been recognised in its financial accounts due to the uncertainties relating to their future utilisation.

As at 31 December 2023, Alumina had $493 million of accumulated franking credits.

40 Other adjustments include interest received/paid, tax paid, pension contributions, cash payments for asset retirement obligations and environmental remediation and the cash impact of significant items.

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4.7 Capital Structure and Ownership

Capital Structure

Alumina has the following securities on issue:

- 2,901,681,417 ordinary shares (including 316,725 shares held by the Alumina Employee Share Plan Trust for the purpose of issuing shares under the Alumina Employee Share Plan);
- 3,057,645 performance rights granted under the Alumina Employee Share Plan; and
- 1,078,577 conditional rights granted under the Share Rights Grant Plan.

Alumina operates:

- a long term incentive plan (the Alumina Employee Share Plan) under which certain executive employees are granted performance rights. Each performance right entitles the participant to receive one Alumina ordinary share at a future time for nil consideration subject to achievement of performance hurdles (e.g. total shareholder return); and
- a short term incentive plan (the Share Rights Grant Plan) under which certain executive employees may be entitled to an amount partly paid in cash and partly in equity for the achievement of established annual performance objectives. The amount paid in equity is granted as conditional rights which vest following completion of a minimum 12 months service period. There is a three-year trading restriction on the shares from grant date as long as the senior executive remains employed by Alumina.

Performance rights and conditional rights have no dividend entitlements or voting rights. The Board maintains discretion to adjust unvested outcomes (cash, conditional right and performance right components) to ensure outcomes appropriately reflect Alumina's performance over the relevant period. The Board also retains discretion to determine a different treatment.

Alumina operates a dividend reinvestment plan which enables investors to reinvest some or all of their distributions in new ordinary shares at a discount determined by the Alumina Board. The plan has been suspended since the interim dividend for CY20.

Ownership

As at 20 February 2024, there were 51,783 registered shareholders in Alumina. The top 10 registered shareholders accounted for approximately 80% of the ordinary shares on issue and, other than CITIC and its subsidiaries, are predominantly nominee companies. Alumina has received notices from the following substantial shareholders:

ALUMINA – SUBSTANTIAL SHAREHOLDERS

SHAREHOLDER	DATE OF NOTICE	NUMBER OF SHARES	PERCENTAGE[41]
Allan Gray	30 May 2023	567,273,961	19.55%
CITIC	17 May 2017	547,459,208	19.01%

Source: Alumina

Allan Gray is the largest shareholder in Alumina and holds approximately 19.6% of the outstanding shares in Alumina.

CITIC has been one of Alumina's largest investors for over 10 years following a strategic investment in February 2013 for 13.0% of Alumina through an equity placement. The equity placement raised over A$450 million which was used to reduce Alumina's net debt position. In conjunction with the investment,

[41] Based on Alumina shares on issue as the date of notice.

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CITIC was able to appoint a nominee to Alumina's Board. CITIC also owns a 22.5% interest in the Portland smelter.

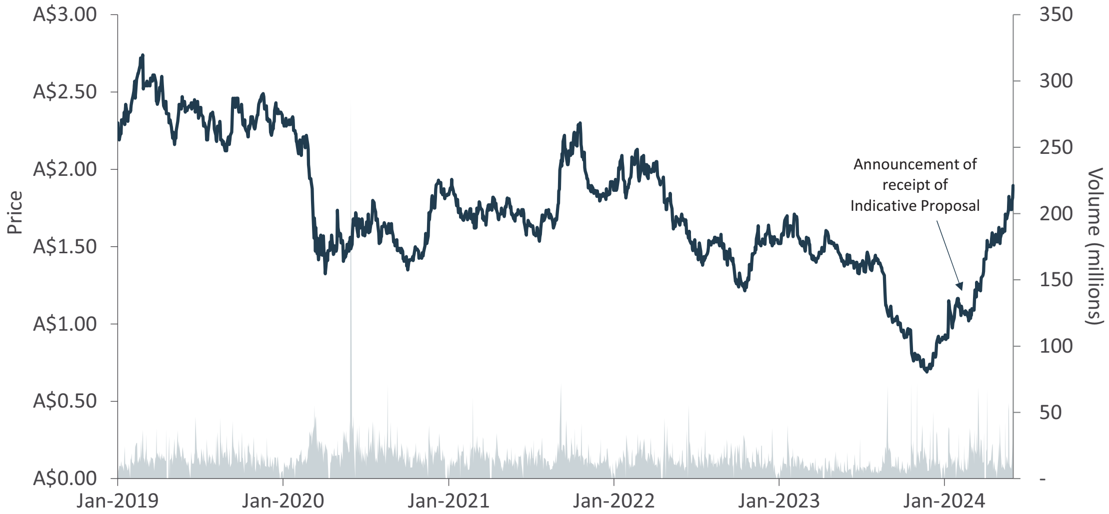
4.8 Share Price Performance

Share Price History

The following graph illustrates the movement in the Alumina share price and trading volumes since 1 January 2019:

ALUMINA – SHARE PRICE AND TRADING VOLUME

1 JANUARY 2019 TO 31 MAY 2024



Source: IRESS

With the exception of a few brief periods of sharp increases, the Alumina share price has generally trended downwards since 1 January 2019. The volatility in the share price largely reflects its correlation with alumina prices (although the correlation has been disturbed periodically by other factors such as rising energy costs and declining productivity due to refinery curtailments and falling ore grades).

During 2019, Alumina shares generally traded in a range around A$2.30 to A$2.40. However, the share price fell to around A$1.29 on 13 March 2020 when the emerging COVID-19 pandemic caused a significant drop in global equity markets (albeit alumina and aluminium prices were less adversely impacted at the time). The share price gradually trended upwards through to mid 2021, largely mirroring alumina prices (although movements were exacerbated by certain one off events, including the market update on the ATO tax assessments in July 2020, which triggered a 7% decline in the share price).

While the share price jumped to as high as A$2.30 in October 2021 (and again to A$2.13 in February 2022) on the back of higher alumina prices (and decade high prices for aluminium), the increases in its share price were relatively muted relative to benchmark metals prices as declining bauxite ore grades in Western Australia began translating to declining financial performance (i.e. lower alumina throughput and higher unit production rates) particularly when it was expected to benefit from the buoyant alumina price environment. The commencement of the Russia-Ukraine conflict and the resulting energy crisis (particularly in Europe) placed significant upward cost pressures on AWAC. Other input costs such as caustic soda also rose sharply. Over the next eight months, the share price continued to fall, and traded as low as A$1.21 in October 2022. At the time, industry analysts estimated that the cost pressures had tipped around 40% of alumina producers outside China into loss making territory (and in AWAC's case, that included the San Ciprián refinery). On 20 October 2022, Alumina announced the partial curtailment of the San Ciprián refinery to 50% capacity. The update was received favourably by the market as the share price climbed for the remainder of the year, closing at A$1.52 on 31 December 2022.

Over the next eight months, the share price traded within a relatively tight range around A$1.40-1.50. However, the share price fell following the 1HY23 earnings release, which highlighted the challenges being faced in Western Australia (delays and uncertainty in obtaining mining permits, declining bauxite ore grades and higher cash costs) as well as continued margin pressure across the business. The decision by the Alumina Board to not pay an interim dividend put further pressure on the share price.

The share price traded as low as A$0.68 in November 2023 before it rebounded over the next three months following announcements on:

- 14 December 2023, that the State Government of Western Australia would approve AWAC's latest five year mining plan and grant an exemption to allow AWAC to continue mining operations while the WA EPA undertakes an assessment of AWAC's bauxite mining operations. The share price increased by 8.7% on the day of announcement to A$0.88; and
- 9 January 2023, of the planned full curtailment of the Kwinana refinery. The share price jumped by over 26% over the next two trading days to A$1.15 (but lost most of these gains over the subsequent week leading up to Alcoa's announcement of its 4Q23 earnings results).

Over the next five weeks, Alumina shares traded in the range A$0.96-1.17. On 23 February 2024, the last trading day prior to announcement of the Indicative Proposal, Alumina shares closed at A$1.02.

Since announcement of the Indicative Proposal on 26 February 2024 (through to 31 May 2024), Alumina shares have traded in the range A$0.99-1.91 (at a VWAP of A$1.46). The share price has generally trended upwards, trading above A$1.50 since early April (nearly 50% higher than its undisturbed share price) and continuing to increase during May, closing at A$1.895 on 31 May 2024. The rise in its share price reflects the likelihood of the Scheme proceeding as it largely mirrors the increases in Alcoa stock price (which has historically been more directly impacted by movements in the LME aluminium price).

Liquidity

Alumina has been a reasonably liquid stock. Average weekly volume over the twelve months prior to announcement of the Indicative Proposal represented approximately 2.1% of average shares on issue or annual turnover of around 108% of total average issued capital (or around 133%, excluding the interest held by CITIC).

Relative Performance

There are no listed companies in Australia or internationally that are directly comparable to Alumina (principally third party alumina suppliers). While Alumina is included in a number of indices, including the S&P/ASX 200 and S&P/ASX 200 Materials Index, its performance relative to these indices provides little valuable insight given the volatility of the alumina and aluminium markets and the very different growth and risk factors impacting AWAC's global operations.

A more pertinent benchmark is the alumina price (represented by Platts FOB Australia Alumina prices) and the LME aluminium price (given the historical relationship between the price of alumina and the price of aluminium). The chart below shows the relative performance of Alumina shares against these two benchmarks from 1 January 2019 (i.e. all rebased to 100 on the same scale):

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ALUMINA SHARE PRICE VS LME ALUMINIUM PRICE VS PLATTS FOB AUSTRALIA ALUMINA PRICES

1 JANUARY 2019 TO 31 MAY 2024

Source: IRESS, S&P Capital IQ, S&P Global Commodity Insights

The Alumina share price has exhibited some level of correlation with alumina prices particularly from mid-2020 to early 2022. Its correlation to LME aluminium prices is less evident (although there appears to a greater level of correlation following the announcement of the Indicative Proposal).

The share price has also been impacted by a number of other, company specific issues:

- despite the sharp rise in alumina prices (and LME aluminium prices) in early 2022 (around the time that the Russia-Ukraine conflict started), the Alumina share price failed to deliver similar gains as its operations (and financial performance) were adversely impacted by the rise in energy costs (and other cost inputs) as well as the consequential impacts of these elevated costs on its operating efficiency (e.g. partial curtailment at the San Ciprián refinery); and
- the gap between the Alumina share price and alumina/LME aluminium prices widened further in mid 2023 following an adverse market reaction to Alumina's half year results, albeit some of this differential was reversed in December 2023 and early 2024 on the back of improved visibility as to future mining in Western Australia and announcement of the receipt of the Indicative Proposal.

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5 Valuation of Alumina

5.1 Summary

Grant Samuel has valued Alumina in the range $2,369-2,854 million which corresponds to a value of $0.82-0.98 per share. The valuation is summarised below:

ALUMINA - VALUATION SUMMARY ($ MILLIONS)

	REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
40% interest in AWAC	5.3	2,674	3,159
Corporate costs (net of savings)	5.4	-	-
Enterprise value		**2,674**	**3,159**
Adjusted net borrowings as at 31 December 2023	5.5	(294)	(294)
Other assets and liabilities	5.5	(11)	(11)
Value of equity		**2,369**	**2,854**
Fully diluted shares on issue (millions)[42]		2,905.5	2,905.5
Value per share		**$0.82**	**$0.98**
Value per share (A$, converted at A$1=US$0.65)		**A$1.26**	**A$1.51**

The valuation represents the estimated full underlying value of Alumina assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeds the price at which, based on current market conditions, Grant Samuel would expect Alumina shares to trade on the ASX in the absence of a takeover offer. Shares in a listed company normally trade at a discount of 15-25% to the underlying value of the company as a whole (while this discount has widened in recent years it does not, in any event, always apply).

The value of Alumina reflects the value of its interest in AWAC. The principal approach to valuing AWAC was by DCF analysis (including consideration of the NPV outcomes of various DCF scenarios), with multiples analysis (earnings and capacity) used as a cross check. As AWAC operates a vertically integrated model of bauxite mines and alumina refineries, the cash flows depend on a number of key operating assumptions, including commodity prices (alumina and, to a much smaller extent, aluminium), bauxite production (and costs) and refining costs such as energy and caustic soda. The DCF model takes into account cash flows from 1 January 2024 to 31 December 2040, at which point a terminal value has been calculated.

The valuation excludes synergies that are unique to Alcoa. However, it does include synergies that any acquirer of Alumina would be able to achieve. For the purposes of the valuation of Alumina, it has been assumed that 100% of corporate costs (including listed company costs and other corporate overheads) could be saved by any acquirer and, consequently, no allowance has been made in the valuation of Alumina for corporate costs.

5.2 Valuation Approach

Methodologies

Grant Samuel's valuation of AWAC has been assessed by aggregating the estimated market value of its portfolio of refinery and smelting business operations and other assets and deducting net external borrowings, other liabilities and corporate costs. The valuation of AWAC's business operations has been estimated on the basis of fair market value, defined as the maximum price that could be realised in an open

[42] Fully diluted shares on issue assumes that the vesting of 3,057,645 performance rights and 1,078,577 conditional rights is satisfied by the issue of new Alumina shares (less available treasury shares of 316,725).

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market over a reasonable period of time given current market conditions and currently available information, assuming that potential buyers have full information. Other assets and liabilities have been valued on the basis of the net realisable value of those assets and liabilities.

There are four primary methodologies commonly used for valuing operating businesses:

- capitalisation of earnings or cash flow,
- DCF analysis,
- industry rules of thumb (e.g. dollars per tonne of production capacity); and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved.

Grant Samuel's primary approach to the valuation of AWAC has been application of the DCF methodology. The DCF methodology involves the calculation of NPVs by discounting expected future cash flows. Projected cash flows are discounted to a present value using discount rates that take into account the time value of money and risks associated with the cash flows.

Alternative valuation methodologies have been considered as a cross check of the valuation of AWAC. In particular, the valuation has been reviewed in terms of earnings multiples as well as capacity multiples relative to comparable listed companies and comparable transactions. These alternative approaches to valuation are useful in determining the reasonableness of a DCF valuation since the DCF valuation is typically highly sensitive to some of the key operating assumptions adopted (e.g. commodity prices). However, reliance on these alternative valuation methodologies should be treated with caution. While industry "rules of thumb" such as capacity multiples are commonly referenced by market commentators, these multiples have significant shortcomings that mean that they are not a reliable basis for determining value. At best, they provide "comfort" that values are in the right "ballpark" (or require investigation to explain any variation).

It should also be noted that where earnings multiples from comparable transactions represent primary valuation evidence, adding synergies to earnings or making a further multiple adjustment for synergies would potentially result in "double counting" of value as the multiples from the comparable transactions are usually based on "standalone" earnings (either reported or forecast) and the value of synergies is therefore reflected in the multiple (i.e. the transaction multiple would be lower if based on earnings including synergy benefits).

General Considerations

The valuation of AWAC represents Grant Samuel's overall judgement as to value. It does not rely on any one particular scenario or set of economic assumptions. The valuation has been determined having regard to the sensitivity of the DCF analysis to a range of technical and economic assumptions.

The valuation is based on a number of important assumptions, including assumptions regarding future commodity prices, exchange rates and operating parameters. Commodity prices, exchange rates and expectations regarding future operating parameters can change significantly over short periods of time. Such changes can have significant impacts on underlying value. Specifically, the net present value is extremely sensitive to commodity price assumptions (as a \$10/t movement in alumina prices can shift EBITDA by around \$90 million per annum at current alumina production rates). Accordingly, while Grant Samuel's valuation of AWAC is believed to be appropriate for the purpose of assessing the Scheme, it may not be appropriate for other purposes or in the context of changed economic circumstances or different operational prospects for AWAC.

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Many of the assumptions underpinning the valuation (e.g. commodity prices) could plausibly fall in relatively wide ranges (certainly wider than those adopted in the DCF analysis). However that would result in a valuation range that was so wide as to be of little value to shareholders in making a decision about the Scheme. Accordingly, Grant Samuel has utilised narrower ranges for its assumptions.

5.3 Valuation of AWAC

5.3.1 Summary

Grant Samuel has valued AWAC (on a 100% basis) in the range $6,685-7,897 million which equates to $2,674-3,159 million for Alumina's 40% interest in the joint venture:

AWAC - VALUATION SUMMARY ($ MILLIONS)

	REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
Value of business operations	5.3.2	6,500	7,500
Other assets and liabilities	5.3.3	(90)	122
Enterprise value of AWAC (100% basis)		**6,410**	**7,622**
Adjusted net cash as at 31 December 2023	5.3.4	275	275
Value of AWAC equity (100% basis)		**6,685**	**7,897**
% held by Alumina		40%	40%
Value of Alumina's interest in AWAC equity		**2,674**	**3,159**

5.3.2 Valuation of AWAC's Business Operations

DCF Analysis

OVERVIEW

The DCF model developed by Grant Samuel uses the Alumina Corporate Model as a framework. Grant Samuel has developed a number of scenarios based on broad assumptions in relation to production volumes, commodity prices, alumina production costs and capital expenditure. Alumina production costs are based on a number of inputs, including energy costs, caustic soda costs and bauxite production costs. SLR reviewed the technical assumptions in the model related to bauxite production and costs.

The DCF model projects nominal after tax cash flows from 1 January 2024 to 31 December 2040, a period of 17 years, with a terminal value calculated as at 31 December 2040 to represent the value of cash flows in perpetuity. The terminal value has been calculated by capitalising net after tax cash flows using a perpetual growth assumption.

LIMITATIONS

The DCF model is based on a number of assumptions and is subject to significant uncertainties and contingencies, many of which are outside the control of Alumina. Key assumptions regarding future operational performance (including alumina and aluminium prices) are highly uncertain and there is scope for significant differences of opinion in relation to these assumptions. As a result of these uncertainties, there is a wide range of potential outcomes that could occur, both positive and negative (and an even greater number of possible combinations of those outcomes).

Moreover, DCF analysis is subject to significant limitations and NPV outcomes need to be treated with considerable caution. The calculated NPVs are extremely sensitive to small changes in assumptions regarding commodity prices, exchange rates and the operating performance of certain assets (e.g. potential curtailment/sale of the San Ciprián refinery) for many years into the future. This sensitivity to assumptions regarding future operational performance is accentuated by the fact that the terminal value (the value contributed by cash flows generated after the end of the explicit cash flow forecast period) normally contributes a high proportion of the overall value (although for AWAC, this is partly mitigated due to the 17 year projection period included in the DCF model).

SCENARIO ANALYSIS

Grant Samuel has considered a number of scenarios to reflect the impact on value of key assumptions relating to production volumes, commodity prices, unit production costs (and the resulting impact on EBITDA and EBIT margins) and capital expenditure. These scenarios have been adopted following discussions with Alumina's management, Alcoa's management and SLR as well as Grant Samuel's own analysis of relevant factors (particularly for economic assumptions).

It should be recognised that the scenarios are highly simplified and focus on several key value drivers rather than detailed "bottom up" parameters. Nevertheless, Grant Samuel considers that the analysis does provide some insight into value. In view of the uncertainties surrounding the future performance of AWAC's business operations, the scenarios analysed are, to some extent, arbitrary. However, they reflect the range of judgements that potential buyers of the business could make. The scenarios do not, and do not purport to, represent the full range of potential outcomes for AWAC's business operations. They are simply theoretical indicators of the sensitivity of the NPVs derived from the DCF analysis.

The scenarios are inherently hypothetical. They do not represent Grant Samuel's forecasts of the future financial performance of AWAC. Rather, they are in the nature of "what if". In other words, they are outcomes that could happen rather than projections of what is expected to happen. Grant Samuel gives no undertaking and makes no warranty regarding the future financial performance of AWAC. Such future performance is subject to fundamental uncertainty. The scenarios have been developed purely to allow Grant Samuel to assess the impact on calculated NPVs of alternative assumptions regarding the future growth and financial performance of AWAC 's business operations.

GENERAL ASSUMPTIONS

The general assumptions adopted in the DCF analysis are set out below:

- Valuation Date

  AWAC has been valued as at 31 December 2023 and the DCF analysis has been prepared from 1 January 2024. The primary reference point for the valuation is AWAC's balance sheet as at 31 December 2023. While adjustments have been made for relevant subsequent events (e.g. one-off settlement payments), no adjustments have been made for movements in other balance sheet items.

- Synergies

  Normal valuation practice is to include (either implicitly or explicitly) a value for synergies that are available to multiple acquirers but to exclude synergy value that is unique to a particular acquirer. At a minimum, any potential acquirer would need to offer a price for Alumina (and, by extension, AWAC) that contemplated the value of these synergies to be competitive with any other buyer.

  In the case of AWAC, there are no listed company costs or other corporate overheads that any acquirer of Alumina could save (any savings relate only to Alumina's head office costs, see Section 5.4). Other synergy benefits that are uniquely available to Alcoa (e.g. financial and funding flexibility and tax efficiency for AWAC) have not been included and would not, in any event, be available to an acquirer of Alumina (as it only owns 40% of AWAC).

  No value has been placed on the offtake rights that an acquirer of Alumina would obtain upon a change of control.

- Tax Depreciation

  Accounting depreciation expense has been used as a proxy for tax depreciation. While a deferred tax liability (net) in relation to depreciation of $123.9 million has been recognised by Alumina in its financial position as at 31 December 2023, the timing of the unwinding of the differential is unclear.

- Tax Losses

  AWAC has carryforward tax losses recognised on its balance sheet. Utilisation of the tax losses depends on the taxable income generated by the tax group holding the respective tax losses (e.g. AWA Brazil, which houses AWAC's Brazil operations, holds a separate balance to the Alúmina Española entity). The balance held by Alúmina Española principally relates to tax losses generated by the San Ciprián refinery. As the refinery has been loss making (and is expected to continue to be loss making), any unused tax losses held by Alúmina Española are assumed to be "trapped" and left unutilised.

ECONOMIC ASSUMPTIONS

The economic assumptions adopted in the DCF analysis are set out below:

- Metal Prices

  APPROACH

  Grant Samuel has considered the following sources in determining its price assumptions for the DCF analysis:

  - Consensus Economics, a monthly publication of economic and commodity forecasts that canvasses a number of investment banks, brokers and economists to consolidate consensus projections on a range of economic indicators, including commodity prices;
  - specialist commodity market analysts that provide in-depth coverage of a wide range of metals and commodities, including alumina and aluminium;
  - its own research on underlying supply and demand dynamics of the relevant markets. See Section 3.5 for an overview of demand, supply and price dynamics as well as other relevant issues for alumina and aluminium markets;
  - the aluminium futures forward curve published by Bloomberg, which represents prices for which a buyer and seller agrees to take delivery of a specified quantity of aluminium metal at a fixed price on a set date in the future (up to 2034); and
  - price forecasts adopted by Alumina and Alcoa.

  Estimating the future trajectory of prices for alumina and aluminium and their long term sustainable prices is not straightforward and requires consideration of several factors:

  - spot prices are inherently volatile. Due to the lack of substitutes for metallurgical grade alumina (particularly as an input into primary aluminium production), a shortfall in supply (even a temporary one) can result in severe reactions in alumina prices. The supply squeeze of 2018 resulted in a near doubling of alumina prices to over $700/t. Similarly, alumina prices rose sharply in 2021 (by nearly 80%) and swung across a very wide range in subsequent months. More recently, a fuel depot explosion in Guinea (compounded by the announcement of the full curtailment of the Kwinana refinery) sent alumina prices surging from around $350/t to $370/t in January 2024, with prices continuing to rise to approximately $400/t by the end of April 2024 and $478/t at the end of May 2024. While fears that long term bauxite supply would be impacted have now subsided, prices for alumina have remained elevated.

    The volatility in third party alumina markets is exacerbated by:

  - its role as a secondary supply source for vertically integrated producers, as supply-related issues can cause an influx of demand from buyers seeking alternate sources of alumina; and
  - the limited amount of supply available for third party markets. Since 2010, the proportion of alumina production sold in the global seaborne market has fallen from over 30% to only about 20%.

  Prices for aluminium are even more volatile and susceptible to wider swings than alumina prices. Over the last five years, aluminium prices have traded as low as circa $1,450/t up to as high as circa $3,850/t. It is uncertain what course aluminium prices will take in the future as inventory levels have declined to all time lows (particularly for non-Russian stock). Prices have risen by approximately 20% since mid March 2024. This rise appears to be largely driven by the LME's decision to refuse to accept Russian aluminium metal after 13 April 2024, which may well be a temporary factor (in the context of the long term aluminium prices);

- uncertainty over China's participation in alumina and aluminium markets outside its borders. While the majority of its alumina-to-aluminium value chain operates within its borders (separate from the rest of the world), China is by far the world's largest producer of alumina and aluminium and, as a consequence, it can have a material "swing" impact on international prices for these metals. These issues have become particularly relevant in the aluminium market where China is fast approaching its regulated annual production cap;
- the underlying drivers of aluminium prices are expected to change over time. While aluminium demand has traditionally been closely associated with urbanisation and industrial production, future demand is expected to increasingly come from aluminium's role in decarbonisation (e.g. electrification, substitute for copper, etc.). It is difficult to predict the pace at which the transition will occur (and its implications on demand for primary aluminium); and
- increasing demand does not automatically result in higher prices over the long term. High prices (at least if sustained for some time) will generally elicit a number of market responses that typically lead (even if over time) to a moderation of prices including:
  - more supply with new refineries/smelters being developed or curtailed refineries/smelters that were not profitable under less buoyant price environments reopening; or
  - increased recycling (which would impact both primary aluminium and therefore alumina demand).

  At the same time, these responses typically take some years to occur and face significant constraints and challenges (e.g. the upfront capital cost of a new refinery/smelter, securing a reliable and affordable energy source, establishing upstream/downstream supply chains, other planning and approvals).

Accordingly, forecasts of long term metal prices by industry research houses, equity analysts, economists and others tend to fall in a very wide range. There is no tight consensus. Moreover:

- a number of forecasters present "base" and "upside" cases that are materially different;
- available forecasts lag current market trading, often by some months; and
- there is no one source that is regarded as "superior" to others.

Grant Samuel's selected price assumptions for aluminium and alumina are intended solely for valuation purposes and are not predictions of future prices. Instead, they are intended to reflect the pricing assumptions real world acquirers of the refinery and smelter assets (i.e. other industry participants) would utilise in determining the price that they are prepared to pay for the business.

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While the selected price ranges are relatively narrow (and consistently narrower than the range of forecasters), it is necessary for valuation purposes because otherwise the value range would be so wide as to render it of little use to shareholders in analysing the merits of the Scheme.

The DCF analysis takes into account pricing up to 30 April 2024. The impact of increases in prices on the DCF analysis subsequent to 30 April 2024 is discussed in Section 9.3.4 of this report.

ALUMINIUM PRICES

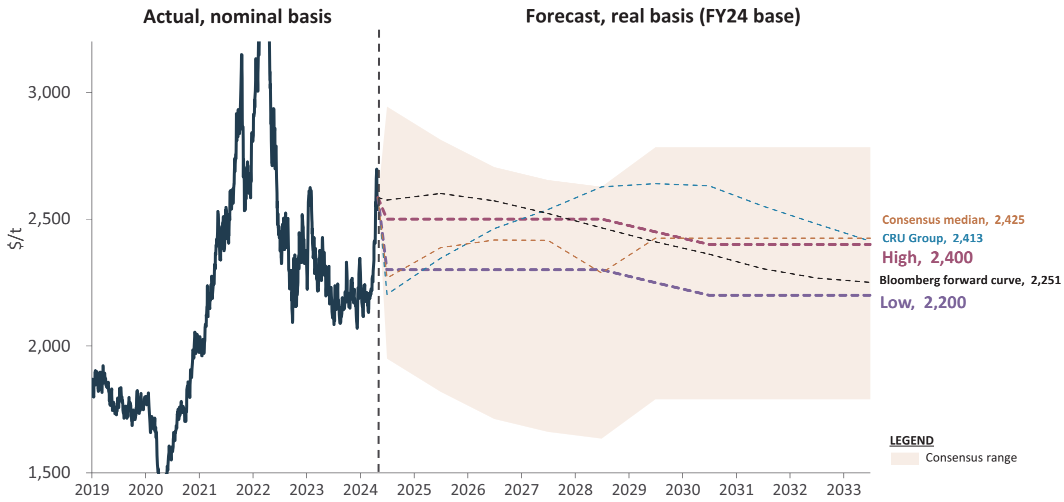
Grant Samuel has assumed two price scenarios (all $ on a real 2024 basis) for aluminium:

- the Low Case assumes an aluminium price of $2,300/t in CY24, stepping down over two years from CY28 to $2,200/t by CY30 and remaining flat thereafter; and
- the High Case assumes an aluminium price of $2,500/t in CY24, stepping down over two years from CY28 to $2,400/t by CY30 and remaining flat thereafter.

These aluminium price assumptions are below the current aluminium price of $2,607/t on 31 May 2024. The impact of recent increases in aluminium prices on the DCF analysis is discussed in Section 9.3.4 of this report.

The price assumption compared to other forecasts and historical (in nominal terms) aluminium prices is shown below:

HISTORICAL AND FORECAST ALUMINIUM PRICES



Source: Consensus Economics, Bloomberg and CRU Group (February 2024)[43,44]

Grant Samuel's aluminium price assumption takes into account the following factors:

- the aluminium price on 30 April 2024 was approximately $2,585/t and has risen by 13% since the beginning of the year (but by 21% since end of February 2024). Aluminium prices are volatile and are impacted by short term fluctuations in the day to day physical supply/demand balance (and inventories) as well as speculative trading activity. However, in the longer term, prices can be expected to reflect the fundamentals of underlying supply, demand and marginal costs;
- the short-term outlook for aluminium prices is uncertain due to a number of risks (some of which offset each other):

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[43] The chart has been scaled to show prices between $1,500/t-3,200/t for illustrative purposes. Since 1 January 2019, the LME aluminium price has periodically traded above and below this range. See Section 3.5 for recent history of LME Aluminium prices.

[44] The Bloomberg aluminium forward curve has been adjusted for inflation (of 2.5% per annum) to reflect forward prices on a real basis.

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- falling inventory levels, particularly for non-Russian stock in LME warehouses;
- the recent ban by the LME on delivery of new Russian metal (dated after 13 April 2024), which should exacerbate the tightness in supply of non-Russian stock unless a demand response is triggered. At the same, time, this may be only a temporary driver, albeit one that could last for several years; and
- decline in demand, particularly from the construction sector (which is one of the largest consumers of aluminium) amid global macroeconomic uncertainty (and higher costs of construction given relatively high interest rates).

On the other hand, the long term outlook for aluminium demand remains robust due to the combination of moderate (yet still positive) urbanisation and industrial growth and, more importantly, tailwinds from decarbonisation and the energy transition; and

- there is a real risk that current global smelting capacity may be insufficient to meet future requirements. Global smelter utilisation rates have been at around 90% over the last three years. The analysis is complicated by whether additional capacity can be added in China (which is already approaching its regulated cap of 45Mtpa). The introduction of a global carbon price would have a disproportionate impact on the smelting industry (given its high reliance on fossil fuels).

  However, these risks are mitigated by market responses that should lead to a moderation in prices. Formerly curtailed smelting capacity could be brought back online. Higher prices (if sustained) may incentivise new capacity. In some instances, these responses may be government led. For example, the United States government has awarded Century Aluminum Company ("Century") $500 million of funding to support the development of the first aluminium smelter to be built in the country in over 45 years.

Nearly all of the aluminium ingots produced at the Portland smelter are exported to customers in Asia. Accordingly, the relevant regional premium is the Japan premium. The long term outlook for the Japan premium reflects the production capacity constraints in China, which may force it to become increasingly reliant on imports from Russia, Malaysia and India, impacting the supply and demand balance. Unless additional aluminium production capacity can be unlocked in China, its growing demand for imports is expected to place upwards pressure on the Japan premium.

With the exception of the forecasts by CRU Group, Grant Samuel's research has not identified any other available forecasts for the Japan premium (or for regional premia in general). Grant Samuel has assumed that the Japan premium remains at around $140/t.

ALUMINA PRICES

Grant Samuel has assumed two price scenarios (all $ on a real 2024 basis) for alumina based on a ratio of 16% to aluminium prices:

- the Low Case assumes an alumina price of around $370/t in CY24, stepping down over two years from CY28 to around $350/t by CY30 and remaining flat thereafter; and
- the High Case assumes an alumina price of around $400/t in CY24, stepping down over two years from CY28 to around $385/t by CY30 and remaining flat thereafter.

These price assumptions compared to other forecasts and historical (in nominal terms) alumina prices is shown below:

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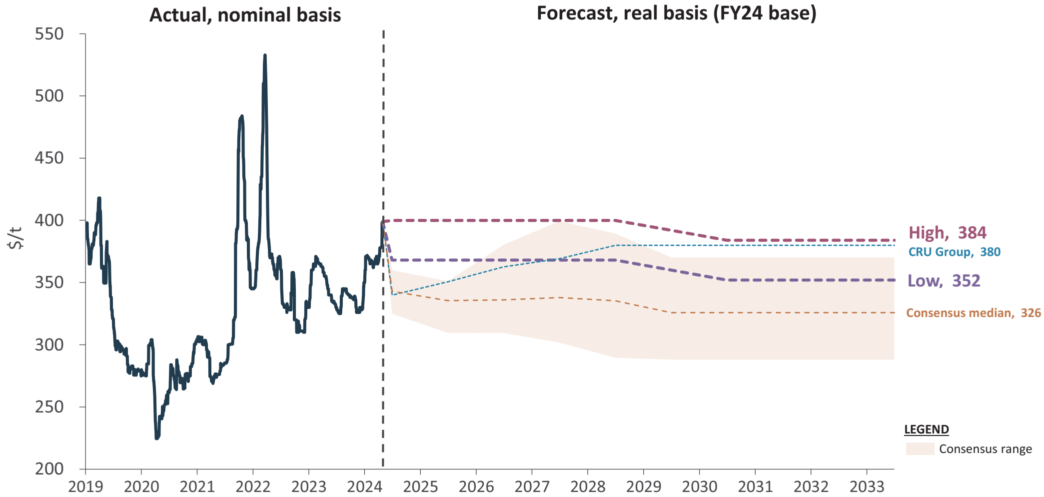
HISTORICAL AND FORECAST ALUMINA PRICES



Source: Consensus Economics and CRU Group (February 2024)

Grant Samuel's alumina price assumption is towards the top end of the market forecasts and broadly in line with the forecast provided by CRU Group. The price assumption was premised on the following factors:

- the relationship between alumina prices and aluminium prices has historically demonstrated a reasonable level of correlation (although it has been susceptible to temporary periods of dislocation), with alumina prices generally trading at 15-17% of aluminium prices and closer to the bottom end of the range over the last three years (at 30 April 2024, the ratio was 15.4%). The price assumptions used in the Low Case and High Case imply ratios of around 16%;
- the tradeable market for alumina is substantially smaller than the total size of the industry (only about 20% of alumina production is sold in the global seaborne market). Unlike most other commodities, alumina prices in the third party market are not as heavily influenced by the marginal cost of production. Rather, they are more sensitive to:
  - demand from vertically integrated smelters that often rely on their own inhouse supply of alumina but can be susceptible to internal supply disruptions that trigger a material (and unexpected) "swing" in the balance of supply and demand; and
  - supply available for third party markets, which has been consistently shrinking (as a percentage of total alumina production) for over ten years.

  While it is difficult to predict the timing and extent of temporary swings in demand, the continued vertical integration of alumina refineries could have negative implications for available supply in the third party markets and inevitably place upwards pressure on prices. At the same time, the available refining capacity in China can also step in to relieve supply pressures (thereby relieving some of the pressure for potential price peaks within the system);
- the alumina price on 30 April 2024 was approximately $400/t, which is above the historical ten-year average alumina price of around $330/t (notwithstanding the spikes in 2018 and 2022). It remained broadly within the range $320-360/t for most of the 2022 and 2023 but, since the start of 2024, has trended above those levels following concerns of supply shortfalls (particularly the flow through impacts from the fuel depot explosion in Guinea in early 2024 and Rio Tinto's declaration of a force majeure on its Australian refinery operations in response to gas supply shortages in May 2024) and the rise in the aluminium price; and

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- the outlook for alumina remains positive, albeit with diverging implications in the:
  - short to medium term, with alumina prices expected to be under pressure from new supply (nearly 14Mtpa of new alumina refining capacity representing over 10% of global annual production) expected to be constructed in Asia (particularly in the Pacific region); and
  - long term, where the demand outlook is expected to be stable (partly due to the nature of aluminium smelters which means that it is difficult to flex throughput and hence, demand for alumina) and underpinned by the growing demand for primary aluminium.

  The potential for new refinery capacity to be brought to market should, in theory, counterbalance some of the upward pressure on long term alumina prices although curtailments (e.g. Kwinana) may offset some of those forces and provide at least temporary support for a higher price.

Taking all of these factors into consideration, Grant Samuel believes that long term real alumina prices of around $350-385/t are a reasonable basis for valuation purposes.

These alumina price assumptions are below the current alumina price of $478/t on 31 May 2024. The impact of recent increases in alumina prices on the DCF analysis is discussed in Section 9.3.4 of this report.

- Inflation

The DCF model is in nominal dollars (as is the discount rate). Accordingly, an inflation factor has been applied to all forecast dollar values (including commodity prices and costs).

Grant Samuel has assumed a US dollar inflation rate which falls from 3% in CY25 to 2.5% in CY26, remaining flat at that level for the remainder of the projection period. While the long term rate is above the United States Federal Reserve's target of 2%:

- it is consistent with the 10 year inflation rate implied by the pricing of US inflation adjusted treasury bonds; and
- it is not unreasonable to assume that with the inflation "genie" now out of the bottle it will be challenging to return to the lows of the pre pandemic era, particularly as household expenditure continues to move towards services over goods and wages inflation (which has been largely absent for the last decade) works its way into the system.

Alumina's costs in Australia and Spain are assumed to increase at the same long term inflation rate of 2.5%, while the long term inflation rate in Brazil is assumed to be slightly higher (i.e. 3.5%). Australian 10 year bond rates are substantially the same as those in the United States (around a 0.2% differential) as are the implied inflation rates from inflation adjusted bonds.

- Currency

AWAC has been valued in US dollars as benchmark prices for alumina and aluminium are denominated in US dollars. AWAC uses US dollars as its presentation currency.

Accordingly, the costs for each asset (e.g. refinery costs, general and administrative costs, etc.) that are initially denominated in local currency (e.g. the Pinjarra, Wagerup and Kwinana refineries and the Portland smelter use the Australian dollar, the San Ciprián refinery uses the Euro, while the Alumar refinery uses the Brazilian real), have been converted into US dollars to calculate $ denominated cash flows (which are then discounted to calculate $ NPVs).

For this purpose, Grant Samuel has assumed a flat exchange rate of A$1=US$0.65 and €1=US$1.15. Due to the differential inflationary outlooks between Brazil and the United States, the exchange rate (i.e. R$=US$0.20) is assumed to depreciation by 1.0% per annum (equivalent to the long term inflation differential).

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- Discount Rate

  Projected cash flows have been discounted to present values at a nominal after tax discount rate in the range 10.5-11.0%. This rate represents an estimate of the systematic riskiness of AWAC's assets, determined by estimating the rate of return required by marginal investors in alumina assets. The rate is an estimate of the weighted average cost of capital and has been applied to expected future ungeared after tax US dollar cash flows.

  This discount rate implies a real rate of approximately 7.8%-8.3% (assuming a 2.5% inflation rate). Some may consider this rate as high but the discount rate reflects the clear market evidence of relatively high betas for participants in the aluminium (and alumina) industries.

  The basis for the selection of the discount rates is set out in Appendix 4.

- Terminal Growth Rate

  A terminal growth rate of 2.0% has been adopted in the DCF analysis. This rate reflects the limited potential for volume growth and the likely upwards pressure on mining costs (from environmental issues) and refinery costs (from ageing plants) over the long term.

BAUXITE MINING ASSUMPTIONS

Approach

A key element of the DCF analysis is determining the expected life of the cash flows. Assets can generally be classified as either:

- finite life, which means that the cash flows come to a natural end after a defined period. This approach is common for resource projects (e.g. copper, gold) for which reserves that can be economically mined are finite and are expected to be depleted over a certain period; or
- indefinite life, which means that there is an expectation that cash flows can be sustained over the long term (i.e. multiple decades). This approach is commonly used for industrial businesses. In this case, a terminal value is calculated at the end of the explicit forecast period to capture the value of cash flows beyond that point.

Alumina producers such as AWAC do not neatly fall into either of these two categories. On one hand:

- the operating life of the refineries can extend for a very long period of time (subject to the age of the refinery assets and the economics of ongoing maintenance costs). Many operate for more than 50 years; and
- alumina refineries can and do operate independently of bauxite mines by securing bauxite supply from the third party markets (including from offshore sources). While supply may be tied to one individual supplier, that particular source can always be replaced if it ceases to operate.

On the other hand, a dedicated source of supply can be a vital competitive advantage and the economics of AWAC's refineries are fundamentally dependent on continued access to the low cost supplies of bauxite ore from the adjacent mining operations.

Accordingly, the key issues to address are:

- can the bauxite production profile of AWAC's adjacent mines be sustained to support the operating lives of the alumina refineries? and
- what are the implications for capital and operating cost in sustaining bauxite output at these levels over the long term?

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The DCF model for AWAC takes into account cash flows over a period of only 17 years (through to 31 December 2040) and assumes a terminal value at the end of the DCF model's projection period. To have a terminal value approximately equal to the NPV of continued cash flows would require those cash flows to be sustained for a total period of around 40 years (from 1 January 2024).

Production Profile

Over the last five years, AWAC has produced an average of just under 40Mtpa of bauxite across its Western Australia (Willowdale and Huntly) and Brazil (Juruti) operations. The vast majority of bauxite production from these mines is consumed internally.

There is a strong case for bauxite production (at or around those levels) to be sustained over a 40 year period:

- the bauxite mines each have established track record of operations (over 60 years in Australia and around 15 years in Brazil) and have an established and approved pathway for continued operations;
- the requisite mining leases to continue bauxite mining operations through that period have been secured (although mining operations in Western Australia are subject to rolling five year mine plan approvals and there are other ongoing approvals/permits required);
- the total identified bauxite resource of Juruti can (without any additions) support over 100 years of continued mining operations; and
- the total identified bauxite resource of the Western Australian operations could support approximately 25 years of operations (at the production levels assumed) but:
  - resources (and reserves) have only been identified by Alcoa (and confirmed by SLR) to the extent needed for Alcoa's planning horizon. Additional resources are developed and validated on an incremental basis as needed; and
  - there remains substantial untapped resource potential within the mining lease area. The entire mining lease for Western Australia covers over 702,000 hectares, of which only 67,000 hectares has been (or is planned to be) exploited for mining. AWAC has demonstrated a strong track record of identifying and exploiting new bauxite resources as needed over its 60+ year history operating in the area.

The following table summarises the projected bauxite production for the explicit forecast period to 2040 for Scenario A of the DCF analysis:

BAUXITE PRODUCTION (DRY METRIC TONNES) – PRODUCTION ASSUMPTIONS (SCENARIO A)

	ACTUAL					PROJECTION PERIOD	
	CY19	CY20	CY21	CY22	CY23	CY24-CY27	CY28-CY40
Western Australia							
Bauxite produced (Mtpa)	34.7	34.8	34.7	31.4	30.9	25.9	26.0
Alumina grade (%)						30.2%	32.7%
Juruti							
Bauxite produced (Mtpa)	6.0	6.1	5.8	4.9	5.0	4.7	4.9
Alumina grade (%)						48.5%	48.5%

Source: Alcoa (historical bauxite production)

SLR was appointed to review the bauxite production assumptions for each of AWAC's wholly owned bauxite mining operations[45] which underpin the cash flows for the downstream alumina refineries (i.e. Pinjarra, Wagerup and São Luis) including:

- alumina grade, which impacts the amount of bauxite ore required for the production of a unit of alumina;
- moisture content, which impacts the weight of bauxite ore that needs to be handled and/or transported (but does not necessarily translate into economical quantities of alumina); and
- bauxite production rates, which impact the pace at which bauxite ore can be extracted to meet demand for alumina production.

Based on SLR's review of the exploration potential at Western Australia, drilling results to date and AWAC's long history of successful conversion, it believes that, from a geological perspective, there is reasonable basis to assume that AWAC can (through additional exploration and drilling) identify and exploit sufficient incremental mineral resources to support the alumina production forecasts of around 7.5Mtpa (i.e. approximately 26Mtpa of bauxite production).

Capital and Operating Costs

The other key parameters for bauxite production relate to the mining costs and sustaining capital expenditure requirements. SLR has reviewed Alcoa's forecast bauxite mining cost and sustaining capital assumptions for each of the mines and has then prepared an adjusted forecast based on its views of certain categories of expenditure. These forecasts are then included as part of the assumptions as to the cash cost per tonne of alumina produced (see below) as well as the capital expenditure forecasts for each refinery.

The mine operating costs are assumed to be higher than historical levels (and are expected to continue to escalate). There are a number of reasons for this, including:

- increasing environmental restrictions that may restrict (or prohibit) access to certain parts of the mining lease that may have been more efficient to mine; and
- transport/haulage costs may increase (albeit marginally) as mining areas extend to newer (and further) parts of the mining lease although the impacts of this cost are partly mitigated by the conveying system in place (to transport ore).

In the short term, sustaining capital expenditure is assumed to be significantly higher (particularly in Western Australia) due to the timing of mine moves (including the opening up of Myara North and Holyoake). Longer term sustaining capital expenditure has been estimated by SLR on a "through the cycle" basis, accounting for ongoing sustaining capital requirements (e.g. maintenance, etc.) every three years as well as crusher moves (construction of new hubs and associated infrastructure to be in closer proximity to the mining fronts) which are assumed to occur every nine years.

Other Matters

For valuation purposes, there are a number of other practical considerations involved in assessing the production profile of bauxite. In addition to the technical issues for each of the mines (e.g. production rates, resource base, costs), a separate and important issue is securing and maintaining the licence to undertake mining operations (including any operating and capital cost considerations).

The mining of bauxite is subject to a number of mining leases, licences and approvals that collectively give the holder the exclusive right to mine over a specific area (and often over a defined period of time). These

45 SLR has not reviewed the underlying bauxite production profile and costs for Ma'aden or CBG, as both are equity accounted investments for which there was limited access to detailed technical information.

approvals can often contain certain agreed undertakings that relate to environmental and social matters (e.g. protecting air and/or water quality).

AWAC's mining leases extend beyond the projection period of the DCF model. The mining lease in Western Australia is scheduled to expire by 2045 but the State Government concession agreement provides for conditional renewal to extend the mining lease beyond 2045. The mining concession for Juruti is not limited by duration and remains in force until the deposit is exhausted.

However, the scope and parameters within which ongoing bauxite mining must operate can be constrained by other factors. In the case of the Western Australia operations, this includes securing approvals for the rolling five year MMP and approval from the EPA. These processes can impact ongoing bauxite mining operations through:

- additional operating restrictions, which can result in reduced production volumes or higher costs. Some of these potential restrictions include production caps, restrictions on accessing certain mining areas, increased environmental-related costs; and
- renewal risks, which (in a worst case scenario) can result in a cessation of operations.

For the purposes of the valuation, Grant Samuel has assumed that the requisite licences and approvals will continue to be secured. Grant Samuel considers this to be the appropriate basis but the operating and capital cost assumptions (see above) assume that there will be some upwards pressure from these factors over time particularly as stakeholder expectations continue to evolve. AWAC recognises the fundamental importance of meeting community expectations. As noted by the Alcoa CEO Mr. Oplinger[46], *"there are two key learnings for me personally and for the company about the permitting issues we had down in Australia; external stakeholder expectations were changing rapidly over the last decade, and we needed to listen better, and we will listen better going forward to external expectations."*

In any event, it is impractical (if not impossible) to anticipate the scope or extent of these potential changes (if any) and any scenario would be hypothetical but to the extent it did occur, the NPV would inevitably fall.

OTHER OPERATING ASSUMPTIONS

The valuation assumptions summarised below are presented on an attributable basis (excluding contributions from Ma'aden and Halco). Unless otherwise stated, all cash flows are presented in real CY24 US dollars.

Scenario A of the DCF analysis assumes the following:

- alumina sales remain AWAC's principal source of revenue. Alumina production declines from 9.4Mtpa in CY24 to around 8.3Mtpa by CY26 due to the full curtailment of the:
  - Kwinana refinery by 3Q24 (more than 550kt of production in CY24); and
  - San Ciprián refinery by mid CY25 (around 800kt of production in CY24).

  The loss of production from these two refineries (around 1.4Mt) in CY25 is partly offset by increased output at Wagerup (by around 300kt, back to pre-CY22 levels) as unplanned outages and maintenance events are resolved.

  Total alumina production remains stable in CY26 and CY27 before stepping up to 9.0Mtpa in CY28 as Pinjarra begins processing higher grade bauxite ore from Myara North (and, in CY30, from Holyoake). Beyond CY27, alumina production generally remains stable (i.e. no ongoing productivity gains are assumed) with:
  - Pinjarra and Wagerup at 7.5Mtpa, with the mining lease successfully renewed in CY45; and

46 Source: Australian Financial Review, Alcoa vows to 'listen better' as it closes in on Alumina, 18 April 2024.

- São Luis at 1.5Mtpa; and

  Total alumina produced is assumed to equal the volume of alumina shipped (and sold);

- cash cost of alumina produced improves from almost $300/t in CY24 including the higher cost contributions of the Kwinana and San Ciprián refineries (or $275/t excluding the two high cost refineries) to approximately $215/t over the projection period.

  The cash cost profile can be separated into three phases:

  - between CY24 and CY26, an improvement from almost $300/t to $250/t as both the Kwinana and San Ciprián refineries are fully curtailed. Excluding these two refineries, the cash cost of alumina produced still falls by almost 9% over the three years (principally due to lower bauxite mining costs at Willowdale and Juruti);
  - between CY26 and CY28, an improvement from $250/t to around $215/t as bauxite mining operations at Huntly transition to higher grade zones in Myara North which results in lower bauxite production costs, higher refinery throughput rates and lower energy and caustic soda requirements (per tonne) in the refinery operations, resulting in an improvement of 12% for Pinjarra's cash cost of alumina per tonne; and
  - from CY29 onwards, broadly stable cash costs from year to year (on a real basis) including the transition of bauxite mining in Western Australia to Holyoake in CY30.

  Energy costs are principally based on the long term contracted arrangements (e.g. PPAs, long term gas supply agreements) currently in place and assumed to revert to market prices following expiry. The gas supply agreements for Western Australia (some of which is partly prepaid) is scheduled to expire in CY32, following which AWAC will continue to satisfy its energy requirements at a gas price of A$9/GJ (real), which is broadly consistent with the contracted gas supply terms at the time of expiry;

- other revenue streams account for less than 15% of AWAC's total revenue and principally comprise:

  - aluminium ingot sales, for which production capacity at the Portland smelter remains partially curtailed at around 160ktpa (in line with historical levels). Primary aluminium is sold at the LME benchmark price plus the Japan premium, but with no product premium. Cash costs per tonne of aluminium increases from around $2,175/t in CY24 to $2,240 /t over the projection period due to higher alumina costs and the expiry of a government grant in CY26. Electricity costs are expected to remain broadly stable over the projection period as the smelter is assumed to renew its PPAs (including the renewal for 50% of its power requirements through to June 2035) on similar competitive terms;
  - third party bauxite sales (excluding shipments from CBG) largely from its excess bauxite ore at Juruti which is sold at market prices of around $35/t; and
  - chemical grade alumina sales of around $200 million in CY24 and $140 million in CY25, after which revenue falls to nil as production ceases with the curtailment of the Kwinana and San Ciprián refineries;

- capital expenditure of $4.6 billion over the projection period, of which the vast majority is attributable to sustaining capital expenditure. In addition to the capital expenditure in relation to the bauxite mining operations (discussed above), capital expenditure also includes investments needed for maintaining and/or refurbishing the refineries (especially as they are ageing assets).

  Total capital expenditure is approximately $38/t of alumina produced between CY24 and CY32 but is assumed to fall to around $24/t of alumina produced by CY33 and remain at that level for the remainder of the projection period. The capital expenditure requirements are higher than AWAC's historical levels of approximately $20/t largely due to the major mine moves in the initial years of the

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projection period as well as the increasing age of the refineries (particularly towards the latter part of the projection period);

- other cash flows including:
  - exceptional costs of around $2 billion over the projection period in relation to asset rehabilitation obligations (including ongoing costs associated with legacy assets such as Point Comfort and Suralco) and curtailment and rehabilitation costs associated with the full curtailments of the Kwinana refinery (in line with the public announcements) as well as the San Ciprián refinery. The majority of these costs are assumed to be incurred upfront (with long tails of lower recurring costs for rehabilitation), with around half of the costs incurred between CY24 and CY28; and
  - working capital of approximately 8% of revenue, which is broadly consistent with historical levels of working capital; and
- corporate tax rates based on the local tax rates for each of the operations (i.e. 30% for the assets in Australia and Brazil and 25% for the assets in Spain and Saudi Arabia), with allowance made for any applicable tax losses and value added tax credits.

SCENARIOS

The key assumptions underlying each of the scenarios considered are outlined below:

AWAC – DCF SCENARIOS

SCENARIO	DESCRIPTION
Scenario A	As above
Scenario B	Scenario A, except circa 5% higher alumina prices in CY24 and CY25 following the rebalancing of global supply and demand as a result of the full curtailment of Kwinana
Scenario C	Scenario A, except access to higher grade mining areas in Myara North is delayed by two years (from CY28 to CY30), resulting in a $35-40/t increase in Pinjarra's cost per tonne of alumina produced in CY29 and CY30 due to higher bauxite usage factors (i.e. tonnes of bauxite consumed per tonne of alumina produced) and caustic soda input costs
Scenario D	Scenario A, except 5% higher bauxite mining costs and caustic soda inputs for Western Australia mining from CY30 onwards. AWAC's long term weighted average cash cost of alumina produced per tonne increases to around $220/t (from approximately $215/t in Scenario A)
Scenario E	Scenario A, except gas supply costs for Western Australia operations assumed to be A$10/GJ following the expiry of existing gas supply contracts. AWAC's long term weighted average cash cost of alumina produced per tonne increases to around $220/t (from approximately $215/t in Scenario A)
Scenario F	Scenario A, except the 2045 renewal of the mining concession for the Western Australia operations is risk adjusted for a probability factor of 50%
Scenario G	Scenario A, except Portland smelter is assumed to be restored to nameplate capacity by CY27
Scenario H	Scenario A, except the curtailment of San Ciprián is delayed to CY28. The refinery is assumed to remain loss making (at an EBITDA level) over its remaining operating life
Scenario I	Scenario A, except incremental alumina production volume growth of 1% per annum for the Western Australian refineries between CY28 and CY32 as a result of "creep" improvements. Total alumina production reaches 9.3 Mtpa by CY32 and remains at those levels for the remainder of the projection period but will require additional capital expenditure of approximately $200 million over the projection period

NPV OUTCOMES

Grant Samuel's selected value range of $6,500-7,500 million for AWAC's business operations (excluding equity accounted associates) reflects a subjective balancing of the scenarios and a view that the appropriate discount rate to apply is 10.5-11.0%.

The NPV outcomes for each of the operational scenarios under two different commodity price trajectories is presented below:

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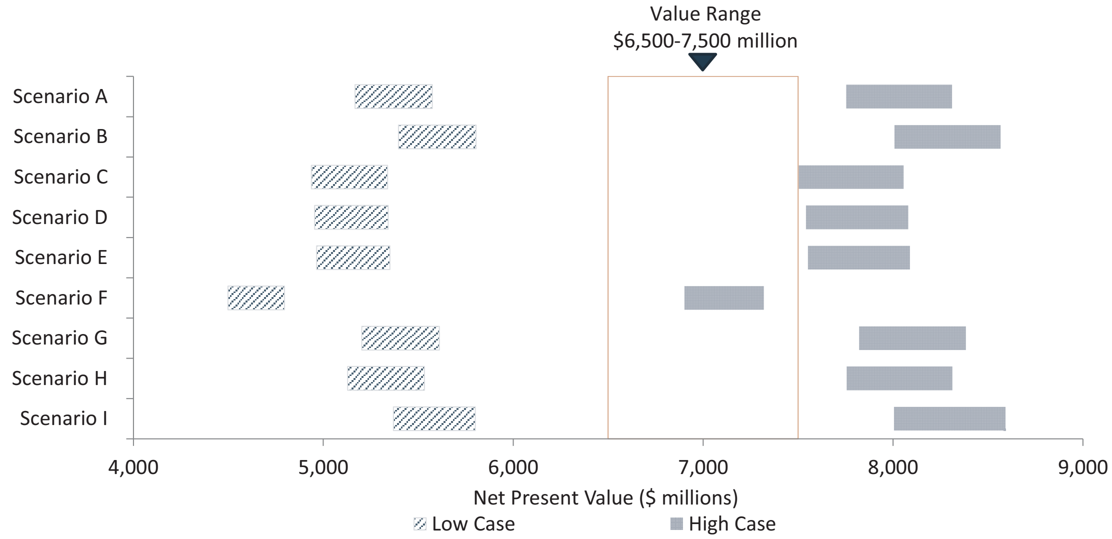
AWAC'S BUSINESS OPERATIONS – NPV OUTCOMES

(AT 10.5-11.0% DISCOUNT RATE)



Grant Samuel has considered the NPV outcomes for all the scenarios in determining its value range for AWAC's business operations. However, the weight given to each scenario in considering the value range was subjective and not capable of being expressed in percentage terms.

The NPV of AWAC's business operations is principally driven by (in no particular order):

- alumina production;
- alumina prices; and
- operating and capital costs (i.e. cost per tonne of alumina produced).

The chart above demonstrates that the NPV of AWAC's business operations is extremely sensitive to commodity price assumptions (particularly for alumina) which have a significant impact on profitability (approximately $90 million for every $10/t movement in alumina prices). For the Low Case scenario, the average margin per tonne (real $ 2024) over the projection period is approximately $125/t, which increases to around $160/t under the High Case scenario. The profitability levels represent a step change from the recent financial performance of the business (which has seen margins fall over the last five years from around $126/t in CY19 to around $44/t in CY23, albeit from a peak of $220/t in CY18) as its two highest cost refineries (i.e. Kwinana and San Ciprián) are assumed to be curtailed. The very wide gap in EBITDA margins between the two price scenarios has a flow on impact on the NPV outcomes. Scenario B shows the sensitivity of the NPV outcomes even for a temporary shift in alumina price.

Scenario C shows the potential downside from Scenario A of a delay in accessing the higher grade mining areas in Myara North. While Alcoa has publicly stated that it expects to access ore in these new regions no earlier than 2027, there remains some risk as to the timeliness of this access and whether a delay from 2027 is more appropriate. The NPV of AWAC's business operations falls by approximately $130 million for each year that access is delayed.

The NPV outcomes are generally less sensitive to individual changes to operating and capital cost parameters (than to changes in alumina prices). Scenario D considers the potential impact on input costs from higher bauxite mining costs and caustic soda costs. Scenario E considers the sensitivity of NPVs to higher gas prices following the expiry of existing gas supply agreements post-2031. However, these scenarios are not mutually exclusive and, in the event that more than one of the scenarios occur, the impact on NPVs would be expected to be compounded.

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Scenario F represents a material downside scenario to account for the renewal risks of the concession to continue mining operations in Western Australia beyond 2045. While the concession agreement includes provisions for conditional renewal beyond 2045, the form and nature (e.g. additional restrictions, if any) of the renewal is impossible to determine to this stage and investors may assume a lower risk weighting to the cash flows from the Western Australia operations beyond the current concession period. While Scenario F falls squarely within the value range, this is coincidental.

Scenarios G and I show the potential upside from Scenario A. Scenario G illustrates the positive NPV impact of the Portland smelter successfully restoring production to 100% of nameplate (around 200ktpa of aluminium). Higher (for longer) aluminium prices should be supportive of higher output from marginal capacity (in this case, the curtailed portion of Portland's capacity). While this may be an aspirational outcome, it is not likely to be a material driver of value given the relatively small contribution from the Portland smelter to AWAC's overall earnings. Scenario I illustrates the positive impact of "creep" improvements (e.g. debottlenecking and other efficiency improvements) that enables AWAC to realise greater alumina throughput although the uplift in value is partly offset by higher capital costs required to unlock these improvements.

Taking these factors into account, Grant Samuel believes that NPV outcomes produced by the DCF analysis support a value range for AWAC's business operations of $6,500-7,500 million. The value range is skewed towards the NPV outcomes for the High Case scenarios as they reflect the strong alumina price environment.

Valuation Cross Check of AWAC

OVERVIEW

An alternative to DCF analysis involves the consideration of earnings and other multiples that buyers have been willing to pay for similar businesses in the recent past and multiples at which shares in comparable listed companies trade on share markets. This analysis will not always lead to an obvious conclusion of an appropriate range of multiples as there will often be a wide spread of multiples.

While earnings based multiple such as EBITDA or EBITA are often useful proxies for cash flows (and therefore value), it is unwise to read too much into multiples of any one year's earnings given the volatility of earnings across the industry. Multi year averages or estimates of "through the cycle" earnings would generally be a more meaningful guide although that is very different to determine with any degree of reliability. Other industry "rules of thumb" common in the aluminium industry such as implied capacity multiples are also impacted by a range of issues that affect the usefulness of comparable company data including:

- vertically integrated nature of the business (which means implied capacity multiples may be inflated by the value attributed to other parts of the aluminium value chain);
- diversified nature of some of the businesses (which also means implied capacity multiples may be inflated by the value attributed to its other non-aluminium business operations);
- quality of product (e.g. product specific premium);
- the market to which the product is sold (e.g. regional premium);
- operating capacity relative to nameplate (e.g. if the smelter is partially curtailed);
- operating cost profile of the smelter (including government support, if any);
- capital cost profile (and age) of the smelter; and
- expansion opportunities or plans.

Implied production multiples resolve some of these issues (particularly around operating capacity) but do not address any of the other issues impacting the reliability of capacity multiples.

Nevertheless, the market evidence can still be useful in providing benchmarks that supplement other measures and in understanding the issues that may impact value. As such, it is necessary to consider the particular attributes of the business operation being valued (relative to its peers), the transaction rationale as well as the prevailing regulatory framework and economic conditions under which the business operates. A careful assessment of these different attributes can be helpful in establishing "bookends" within which implied valuation multiples can be considered reasonable and used to help guide the boundaries (in respect of implied multiples) of the value analysis.

AWAC operates within the aluminium value chain, with a focus on producing metallurgical grade alumina for third party markets (including Alcoa) across its international portfolio of bauxite mining and alumina refineries. It also owns a 55% interest in an aluminium smelter in Australia. Accordingly, Grant Samuel has considered transactions and listed companies primarily involved in alumina production but given the limited publicly available market evidence for such producers, has also considered transactions and listed companies focussed on the production of primary aluminium.

In particular, Grant Samuel has:

- separated the analysis of multiples into alumina/aluminium producers that operate in the rest of world market (excluding China) and in China, to better reflect the different supply-demand environments, growth prospects and risks (if any); and
- calculated earnings multiples (i.e. EBITDA and EBITA) and capacity multiples (based on primary alumina production, where sufficient data is available).

TRANSACTION EVIDENCE

Grant Samuel's research has identified only a small number of transactions involving alumina focussed producers in recent years for which meaningful valuation parameters can be calculated. All three transactions involved alumina producers based in Jamaica (two of which involved the same alumina producer).

Transaction evidence for Australian based alumina producers is even more limited (whether change of control or minority interest). The only recent transaction involving an Australian refinery was Press Metal Aluminium Holdings Berhad's ("Press Metal") acquisition of a 5% interest in the Worsley Alumina joint venture in 2018 (via a 50% interest in Japan Alumina Associates (Australia) Pty Limited, which held a 10% interest in Worsley Alumina).

As a consequence, Grant Samuel has also considered transactions involving:

- alumina producers located in jurisdictions with an established alumina industry (either for domestic consumption or for export) and a track record of operations; and
- large scale alumina refinery projects for which the investment decision has been reached and construction is progressing towards completion.

In considering the transaction evidence, it should be noted that:

- meaningful historical or forecast earnings multiples have not been able to be calculated for nearly all of the transactions as most of the target companies and assets were either privately held or individual divisions of large, listed entities. Data to calculate implied capacity multiples (in terms of alumina production) is more readily available for all transactions;
- both transactions with sufficient publicly available information to calculate earnings multiples (i.e. CITIC's strategic investment in Alumina in 2013 and Press Metal's acquisition of a 5% interest in

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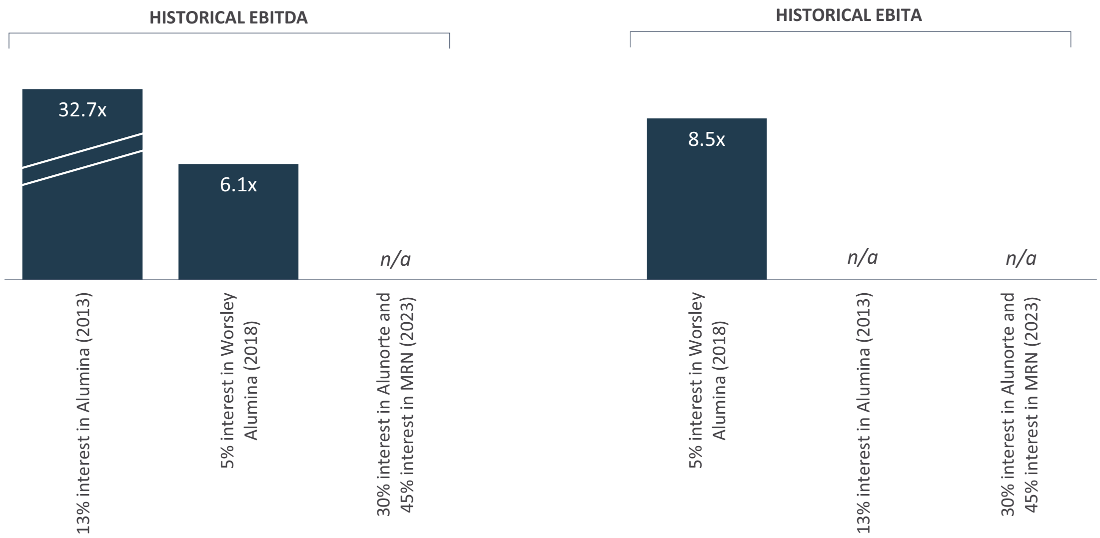
Worsley Alumina) occurred prior to the implementation of AASB16 (or equivalent) and therefore the implied EBITDA multiples are on a pre AASB16 basis; and

- most of the recent transactions involved the acquisition of a minority interest. Transactions involving minority interests are typically excluded from transaction evidence as they may not incorporate a full control premium. However, market evidence suggests that minority interests in joint ventures in the aluminium industry can still attract close to a pro rata of 100% value particularly when demand for the asset is high (e.g. scarce asset) or when the buyer can retain the sales and marketing rights to the joint venture's production. Due to the "scarcity" value attributed to these assets, Grant Samuel has considered these transactions in the analysis of market valuation parameters.

The following charts summarise the historical EBITDA and historical EBITA multiples as well as the capacity multiples for transactions involving alumina refineries:

COMPARABLE TRANSACTIONS

HISTORICAL EBITDA AND EBITA MULTIPLES



Source: Grant Samuel analysis[47,48,49]

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[47] Grant Samuel analysis based on data obtained from IRESS, company announcements, transaction documentation and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each transaction depends on analyst coverage, availability and corporate activity.

[48] The implied multiple for Glencore's acquisition of a 30% interest in Alunorte and 45% interest in MRN has been adjusted to exclude the value of MRN. The value of a 45% interest in MRN is based on the total consideration received by Alcoa in its sale of an 18.2% interest in MRN to South32 completed on 30 April 2022 (around $55 million on a 100% basis).

[49] The implied multiple for Press Metal's acquisition of a 5% interest in Worsley Alumina (via an acquisition of an 50% interest in Japan Alumina Associates (Australia) Pty Limited ("JAA"), which held a 10% interest in Worsley Alumina)) assumes that the $250 million purchase price includes both the equity interest and share of shareholder loans in JAA. To the extent the shareholder loan was not included in the acquisition consideration, the implied multiples would be higher at around 7 times historical EBITDA and 10 times historical EBITA and the implied capacity multiple would be in excess of $1,000/t.

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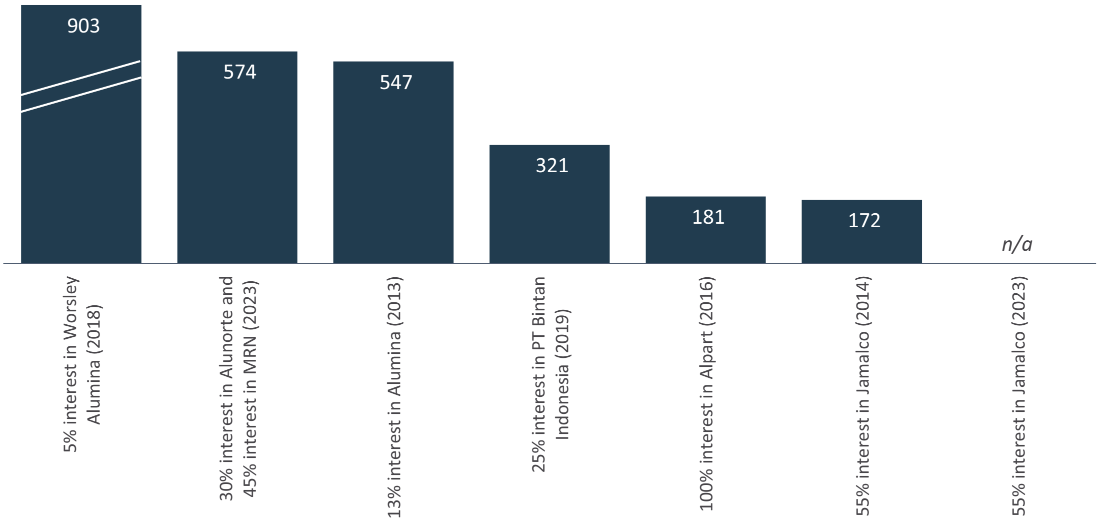
COMPARABLE TRANSACTIONS

IMPLIED CAPACITY MULTIPLES ($/T)



Source: Grant Samuel analysis[47,48,49]

The available market evidence does not show any consistent pattern of earnings or capacity multiples for alumina producers. In particular:

- earnings multiples are very sensitive to the prevailing alumina price environment and can vary across a very wide range (when multiples can be calculated); and
- capacity multiples range from less than $200/t to over $900/t although there seems to be some evidence that the implied capacity multiples for established and cost-competitive refineries tend to be towards the upper end of the range.

Despite these limitations, some observations can still be made, although the analysis should be treated with caution given the limited ability to review earnings multiples in conjunction with capacity multiples.

The most recent transaction for a large scale alumina refinery is Glencore's acquisition of a 30% interest in the Alunorte refinery in Brazil (along with a 45% interest in MRN) for over $1.1 billion (including earnouts). The acquisition was part of Glencore's strategy to maintain its exposure to aluminium markets (particularly in view of the approaching end of its aluminium supply deal with Rusal in 2024). The acquisition price reflected a number of attractive features of Alunorte such as its:

- scale, as the largest alumina refinery outside of China with a nameplate capacity of 6.3Mtpa;
- integrated nature, principally sourcing bauxite ore from Paragominas (wholly owned by Norsk Hydro, the majority owner of Alunorte) but with around 30% of the bauxite ore coming from MRN;
- cost competitive position in the bottom quartile of the global alumina refinery cost curve; and
- established track record of operations (nearly 30 years) in one of the world's largest alumina producing jurisdictions in Brazil.

However, the implied capacity multiple may have also been impacted by Norsk Hydro's cautious short-to-medium outlook for alumina markets and its desire to reduce its in-house alumina production to levels that more closely match the needs of its aluminium smelters.

The very high implied capacity multiple paid by Press Metal to acquire a 5% interest in the Worsley Alumina joint venture (over $900/t) also reflected a number of attractive attributes, as well as the strategic nature of the transaction. The acquisition provided Press Metal with a foothold in the upstream alumina market as it moved towards a vertically integrated model with the aim of securing raw material supply and mitigating input price volatility (particularly for alumina, which saw prices spike in 2018 due to global supply shortfalls resulting from the operational disruptions at AWAC's Western Australia operations and a 50% curtailment at Alunorte). The acquisition was part of a multi-pronged strategy by Press Metal to reduce its reliance on third party suppliers and gain direct access to essential raw materials, and included the acquisition of a 25% interest in PT Bintan Alumina Indonesia in 2019 (which occurred at a substantially lower capacity multiple of around $320/t as the refinery was still under construction).

CITIC's investment in Alumina in 2013 (via a share placement) was the only transaction that involved a portfolio of alumina refineries (all other transactions were single asset acquisitions). At the time, AWAC was a much larger company with total alumina production capacity of just under 20Mtpa (on a 100% basis) and operations across Australia, Brazil, Spain, Jamaica, Suriname and the United States (a number of which were in the top half of the global cost curve). The investment by CITIC occurred at a crucial moment for Alumina as it faced:

- unfavourable industry conditions, particularly given the weak alumina price environment;
- poor operating performance across some of its older assets, including Jamalco, Suralco and Point Comfort (all of which were subsequently divested or fully curtailed); and
- escalating debt levels.

Analysis of the capacity multiple implied by the CITIC investment is complicated by the poor performance of a number of its assets which arguably "dragged" down the implied multiples for the company as a whole. Excluding the capacity contributions from Jamalco, Suralco and Point Comfort, the implied enterprise value rises from $574/t to around $792/t[50].

The relatively high capacity multiple implied by the CITIC investment reflected its strategic importance. CITIC was a strategically aligned investor in Alumina (as it also held a direct 22.5% interest in the Portland Smelter) and the proceeds from the placement were used to reduce Alumina's gearing levels. At the same time, interpreting the very high implied historical EBITDA multiple is more challenging but would have reflected Alumina's weak financial performance at the time amid a downswing in the commodity cycle.

The transactions involving alumina producers in Jamaica occurred at very low capacity multiples (less than $200/t) and are outliers compared to the other transactions. While they were all change of control transactions, the relatively low multiples reflect the operating challenges facing each of the refineries (as well as the need for the vendors to divest the poorly performing assets):

- the divestment of a 55% interest in Jamalco by Alcoa in 2014 was one of several steps taken to exit higher cost upstream assets and improve the overall cost base of its portfolio. Despite Jamalco's scale (over 1.4Mtpa capacity) and operating track record (over 50 years), the relatively low multiple likely reflected its high operating cost base and uncertainty surrounding its future energy supply (particularly given the instability of the local electricity grid and prohibitive upfront capital costs of securing alternative supply).

  The more recent transaction involving Jamalco occurred at an even lower multiple despite the strategic rationale for the acquisition. The acquisition by Century in 2023 enabled it to move to a vertically integrated model (it was previously solely focussed on aluminium production). However, the acquisition price reflected the distressed state of Jamalco (and its joint venture owners, both of which had limited funding capacity) which was still recovering from a fire in August 2021 that caused the refinery to shut down for months (only reopening at 50% of nameplate capacity by the end of the

50 This value may be understated as it does not allow for potential closure costs for the three assets. On the other hand, it assumes no residual value for these assets (in fact, the interest in Jamalco was sold for approximately $140 million).

following year and still facing uncertain and potentially substantial liabilities to restore operations); and

- the divestment of Alumina Partners of Jamaica ("Alpart") by Rusal was part of its debt reduction programme amid a weak commodity price environment. While the nameplate capacity of Alpart can support up to 1,650ktpa of alumina output and nearly 5Mtpa of bauxite ore (which is fed into the refinery), the refinery was non-operating and had been in care and maintenance for over six years at the time of the acquisition by Jiuquan Iron & Steel (Group) Co. Limited in 2016.

SHAREMARKET EVIDENCE

With the exception of Alumina, there are no other listed companies in Australia or internationally that are primarily focussed on alumina production for third party markets. The majority of the largest alumina refineries around the world are either held by vertically integrated aluminium producers or diversified mining companies.

Due to the limited universe of listed companies that have a similar focus to Alumina, Grant Samuel has considered aluminium focussed producers. The implied multiples for these companies can (to some extent) still be instructive on the stage of the commodity cycle for alumina prices which have historically (but not always) demonstrated some level of correlation with aluminium prices.

China focussed aluminium producers have also been included in the analysis although their implied multiples should be treated with caution as they may be exposed to a different set of growth drivers and market risks given that they primarily operate within China.

Grant Samuel has considered but excluded from its analysis:

- majority owners (and operators) of other integrated alumina refineries in Australia due to their diversified exposure to other metals and commodities. While both Rio Tinto and South32 are the second and third largest suppliers of third party alumina outside China (behind AWAC), both companies derive only a small proportion of their earnings (less than 20% of EBITDA) from the aluminium value chain;
- other diversified miners or companies. Although Glencore plc recently increased its exposure to the aluminium value chain (with the acquisition of a 30% interest in the Alunorte refinery), it remains a very small part of its overall business operations. Similarly, Vedanta Limited is one of the largest aluminium producers but has diversified interests across oil and gas, mining (e.g. iron ore and copper), steel and energy; and
- downstream aluminium producers including Kaiser Aluminum Corporation, Constellium N.V. and Press Metals Berhad as they operate in entirely different markets and are subject to different growth drivers and competitive pressures.

With the exception of Hindalco Industries Limited ("Hindalco") and National Aluminium Company Limited ("Nalco") (which have a 31 March year end), each of the comparable listed companies has a 31 December year end. The data presented for each company is the most recent annual historical result (i.e. calendar year 2023 or the financial year ended 31 March 2024) and the one year forecast. The financial data has not been adjusted to align the year end for each company.

The following charts set out the historical and forecast EBITDA and EBITA multiples for these listed companies based on share prices as at 30 April 2024:

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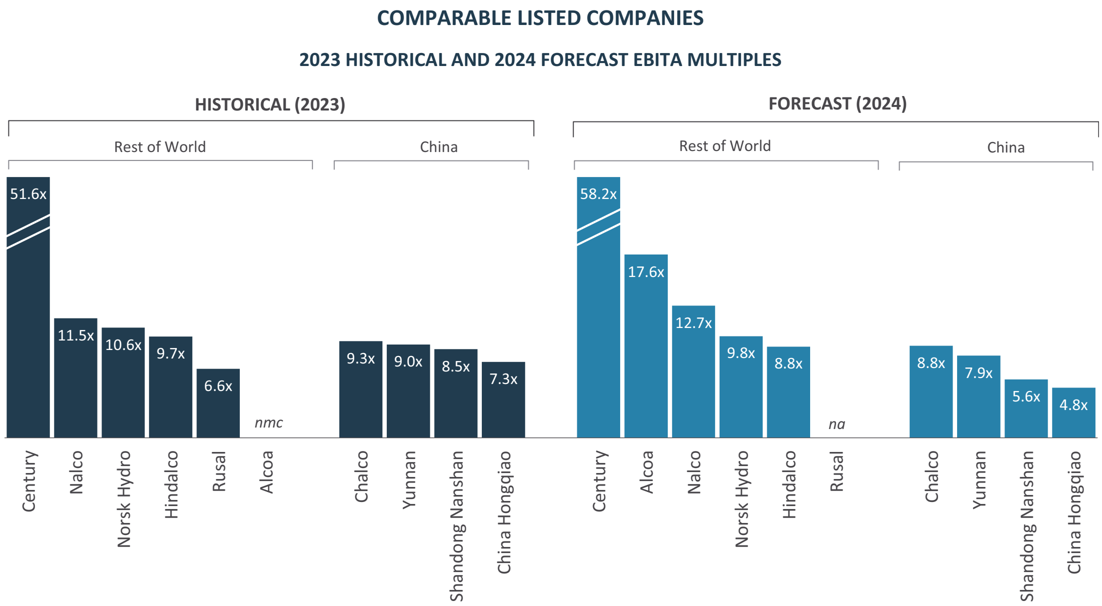
Source: Grant Samuel analysis[51,52,53]



Source: Grant Samuel analysis

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51 Grant Samuel analysis based on data obtained from IRESS, S&P Global Market Intelligence, company announcements and, in the absence of company published financial forecasts, broker reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

52 The calculated trading multiples are adjusted to exclude the carrying value of equity accounted investments from enterprise value and the share of NPAT from equity accounted investments from EBITDA and EBITA. However, the EBITDA and EBITA multiples for Rusal and Nalco have been adjusted to include the pro rata share of EBITDA, EBITA and net debt from joint ventures and associates that are material to the overall value of the business.

53 Alcoa multiples have been calculated using the closing share price on 23 February 2024 (the last trading day prior to announcement of the Indicative Proposal).

The listed aluminium producers in the rest of the world (excluding China) generally share a number of attributes:

- vertically integrated (from bauxite through to primary aluminium production) although Century is a notable exception, having just acquired a 55% interest in the Jamalco refinery;
- globally diversified (although with most producers principally focussed on the United States and Europe);
- directly exposed to movements in the LME aluminium price (although to different extents given their geographic dispersion which exposes them to different regional premia); and
- concentrated shareholding base due to their partial government ownership structure or the support of key shareholders that hold substantial interests in the producers (except Alcoa and Hindalco, both of which have a diversified institutional investor base).

However, the very wide range of EBITDA and EBITA multiples that these producers trade at reflects the varying exposures they have to other activities (e.g. third party alumina sales) and geographies in which they operate (e.g. local supply and demand dynamics and regulatory risks).

Alcoa and Norsk Hydro are among the largest listed primary aluminium focussed producers in the world. Their implied multiples reflect the different outlooks and characteristics for each business:

- Norsk Hydro is principally exposed to the aluminium market in Europe (with more than half of its production capacity and primary aluminium operations based in Norway), which faces a slump in demand from the construction sector in some of the region's largest countries particularly in an environment of high interest rates and high energy costs; whereas
- Alcoa is principally exposed to the aluminium market in North America and, to a smaller extent (relative to Norsk Hydro), Europe as well as the third party alumina market via its investment in AWAC. The North American market has historically been in a supply deficit and attracted much higher rates of return than other markets including Europe (with limited signs of easing given the lack of new supply and the older age of curtailed capacity).

The relatively high historical EBITDA multiples for Alcoa are also a result of the weak results in CY23 as EBITDA fell from \$2.2 billion in CY22 to \$0.5 billion. The market value probably reflects a longer term perspective on "through the cycle" earnings and more positive influences going forward such as:

- stronger aluminium prices (at least since mid March 2024);
- continued scarcity of aluminium supply in North America (which is expected to continue to attract elevated levels of regional premia due to the lack of new supply);
- improving earnings quality, following the full curtailment of the Kwinana refinery; and
- the commencement of a sale process for the San Ciprián refinery and smelter (which has been loss making).

While it is difficult to pick a "normalised" year of earnings for aluminium producers, Alcoa's CY24 forecast earnings arguably presents a "cleaner" view of its earnings outlook. In this context, the forecast CY24 multiples are more closely in line with the rest of the peer group (around 7 times forecast EBITDA and 17 times forecast EBITA), albeit still at the upper end of the range.

Century trades at a significant premium to the rest of the peer group due to its earnings upside from its exposure to the United States, where over half of its operations (by capacity and output) are located. While supply constraints are expected to continue to support local prices for primary aluminium, the earnings upside for Century is principally due to the recently implemented Section 45X of the *Inflation Reduction Act of 2022* ("Inflation Reduction Act") which provides tax credits for domestically produced

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primary aluminium in the United States. The earnings upside for Century is material. While CY23 earnings have already been bolstered by nearly $60 million (around half of CY23 EBITDA), there is the potential for the scope of the tax credits to be expanded and provide a further incremental benefit of up to $55 million per annum.

The relatively low multiples for Rusal reflect the unique headwinds facing the Russia-based aluminium producer following the commencement of the Russia-Ukraine War. The economic repercussions have been substantial for Rusal and have ranged from trade sanctions and the loss of offtake rights (e.g. Rio Tinto exercising its "step in" rights for Rusal's 20% share in Queensland Alumina). The low multiples also reflect its exposure to nickel mining (that often attract lower earnings multiples) through its 26.39% interest in Norilsk Nickel, which accounts for over half of Rusal's enterprise value (and earnings) on a look through basis.

The implied multiples for the two primary producers listed on the National Stock Exchange of India vary substantially and reflect the individual risks and exposures of their businesses:

- Nalco trades at a relatively high multiple likely due to its relatively larger exposure to third party alumina sales (mix of metallurgical grade and chemical grade products) that has historically accounted for between 35% and 45% of the group's revenue but a much wider range of EBIT due to the substantially higher earnings volatility of its aluminium business; and
- Hindalco trades at a discount to Nalco due to its exposure to the downstream segment through the United States-based Novelis business operation (which accounts for over half of its EBITDA) and copper mining (albeit to a lesser extent).

Despite the different market conditions under which they operate, China focussed aluminium producers trade at implied EBITDA and EBITA multiples that are similar to the trading multiples of aluminium producers in the rest of the world. Chalco and Yunnan Aluminium Co., Limited ("Yunnan") trade at multiples that are slightly above (at around 6-7 times historical EBITDA) the other two China focussed aluminium producers (which trade at around 5 times historical EBITDA). Their relatively higher implied multiples may reflect the implied support (financial and otherwise) they receive as Chinese state owned enterprises and the cost profile of Yunnan's smelters (which are principally powered by hydroelectricity).

The sharemarket evidence suggests implied capacity multiples (based on primary aluminium production capacity) that are at a premium to the implied capacity multiples for transactions (based on alumina production capacity) and range from around $2,000/t to over $16,000/t. It is difficult to draw any definitive conclusions or observations from the implied capacity multiples. The capacity multiples are not meaningful for analytical purposes due to the vertically integrated and/or diversified (to some extent) nature of the comparable listed companies which cause the implied capacity multiple to be inflated by the value attributed to other non-aluminium parts of the business (which are not captured in the denominator).

ANALYSIS AND COMMENTARY

Grant Samuel has valued AWAC's business operations in the range $6,500-7,500 million. The value range represents the following multiples of valuation parameters:

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AWAC'S BUSINESS OPERATIONS – IMPLIED VALUATION PARAMETERS

	VARIABLE	RANGE OF PARAMETERS	
		LOW	HIGH
Multiple of EBITDA	**$ millions**		
CY23 EBITDA (historical)	247	26.3x	30.4x
CY24 EBITDA (adjusted median brokers' forecast)	701	9.3x	10.7x
CY24 EBITDA (Alcoa proxy statement projection)[54]	259	25.1x	29.0x
CY25 EBITDA (adjusted median brokers' forecast)	944	6.9x	7.9x
CY25 EBITDA (Alcoa proxy statement projection)	844	7.7x	8.9x
Multiple based on five year historical averages	**$ millions**		
Five year historical average EBITDA (historical)	921	7.1x	8.1x
Five year historical average EBIT (historical)	615	10.6x	12.2x
Multiple of production capacity	**ktpa**		
Alumina share of production capacity	12,911	$503/t	$581/t
Alumina share of production capacity (excluding Kwinana and San Ciprián)	9,121	$713/t	$822/t

While there is limited recent comparable transaction evidence available for alumina producers in Australia in recent years, there are several benchmarks (primarily implied capacity multiples) that can be considered.

CITIC's investment in Alumina in 2013 offers a relevant value benchmark. It is the only recent transaction that involved a global portfolio of alumina refinery assets. The transaction occurred at an implied capacity multiple of $547/t but at a very high historical EBITDA multiple (even based on the five year historical average) that was impacted by its poor financial performance amid the challenging operating environment at the time. While AWAC has significantly reshaped its portfolio and reduced the scale of its operations (from 20Mtpa to around 10Mtpa) since CITIC's investment, it is still fundamentally the same business focussed on alumina production for third party markets with the Western Australia alumina operations as its largest asset.

Another way to assess the CITIC transaction is by excluding the capacity contributions of the poorly performing assets that were curtailed or divested shortly after the transaction (i.e. Jamalco, Suralco and Point Comfort). On this basis, the implied capacity multiple for 100% of AWAC (excluding Kwinana and San Ciprián), which is effectively net of all restructuring (including curtailment) costs, is below the adjusted capacity multiples (of around $790/t) paid by CITIC.

The implied capacity multiple for 100% of AWAC (excluding Kwinana and San Ciprián) of $713-822/t is in the same "ballpark" to the CITIC transaction. It is not possible to be more definitive given the uncertainties attached to issues such as curtailment/closure costs (at the respective points in time), the differences in the commodity price and economic environment and other circumstances.

Other recent transactions for large scale alumina producers are also broadly supportive of the multiples implied by the valuation range for AWAC but, due to the unique factors relating to the transactions, are more in the nature of "bookends" as valuation parameters. In particular, the implied capacity multiples for:

- the Worsley Refinery transaction in 2018 (in excess of $900/t) reflected the highly strategic nature of the transaction. The high price paid for the interest may also have been driven by the supply squeeze at the time that sent alumina prices to record highs (and may have impacted its historical EBITDA multiples); and

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[54] The CY24 EBITDA forecast included in the Alcoa Proxy Statement is based on an alumina price of $350/t compared to prices at the end of April 2024 of around $400/t. An alumina price of $370/t for CY24 (i.e. an increase of alumina prices by $20/t to a level broadly in line with the average prices in CY24 up to the end of April 2024) would result in an increase in EBITDA by around $180 million to around $440 million.

- the Alunorte refinery transaction in early 2023 occurred at much lower multiples (around $574/t) that reflected Norsk Hydro's cautious short-to-medium term outlook for alumina markets and its desire to reduce its inhouse alumina production to levels that more closely matched the needs of its aluminium smelters.

An implied capacity multiple for AWAC within these "bookends" appears to be appropriate given the similar qualities of the assets (e.g. scale, integrated nature with upstream bauxite assets, third party alumina exposure) and considering the different market conditions in which the transactions occurred (relative to the current market environment) and the portfolio benefit attributable to AWAC.

Taking all of these factors into account, Grant Samuel considers the implied multiples for AWAC to be reasonable.

5.3.3 AWAC Other Assets and Liabilities

AWAC's other assets and liabilities have been valued at $(90.4)-121.6 million:

AWAC – OTHER ASSETS AND LIABILITIES ($ MILLIONS)

	REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
ATO (Australia) related tax dispute	refer below	(300.0)	(150.0)
RFB (Brazil) related tax dispute	refer below	(62.0)	-
Related party receivable	4.4	29.2	29.2
Pension and other postretirement benefit liabilities (net)	4.4	(41.3)	(41.3)
Environmental remediation	4.4	(91.2)	(91.2)
Equity accounted investments	4.4	374.9	374.9
Other assets and liabilities (net)		**(90.4)**	**121.6**

TAX RELATED DISPUTES

AWAC has a number of tax related disputes for which there is still no certainty of the outcomes, particularly its disputes with the:

- the ATO, over the pricing of certain historical third party alumina sales by Alcoa of Australia dating back over two decades. The dispute is now before the Australian Administrative Appeals Tribunal and the substantive hearing is scheduled for June 2024 (although the final outcome may not be known for a number of years). There is significant uncertainty in relation to the final outcome of the ATO tax dispute. The range of outcomes is extremely wide.

  One of the scenarios for AWAC would be a resolution of the dispute in its favour which could still result in a negative cash outcome for AWAC. In this scenario, AWAC would be entitled to the full refund of its tax assessment deposit ($72.6 million, being 50% of the disputed amount), but would also be required to repay the tax deductions claimed for the accrued (but unpaid) interest ($199.3 million up to 31 December 2023). The net result would be a cash payment to the ATO of $126.7 million.

  The "worst" case scenario for AWAC would mean that the remaining 50% of the assessed income tax amount ($72.6 million) plus the accrued interest on the unpaid amounts (more than $650 million) would become payable. The payment of the accrued interest is not tax deductible as it has already been deducted against Alcoa of Australia's taxable income in previous tax filings. There could also be additional penalties/fines. At the same time, some of this downside may be mitigated as settlements/payments of this nature are often repaid over a number of years (as opposed as in a single bullet repayment).

No provision has been raised by AWAC in relation to the ATO tax dispute as the company believes that it is "more likely than not that Alcoa of Australia's tax position will be sustained".

Taking all of these factors into consideration, Grant Samuel believes that it would not be helpful for shareholders to incorporate the full range of potential outcomes for the ATO tax dispute. For the purposes of this report, Grant Samuel has adopted a value range of $(300)-(150) million to reflect an estimated "probability weighting" that aligns with AWAC's position that its tax position will likely be sustained. Obviously, the final outcome could be materially better or worse and shareholders could legitimately take a materially different view; and

- the RFB, over certain VAT credits previously claimed by AWAC in 2012 and 2013 but subsequently disallowed by the RFB. While no provision has been raised by AWAC, management has estimated that the possible loss could range from nil to $62 million. Accordingly, the low end of the range includes a liability of $62 million with a nil liability assumed for the high end.

EQUITY ACCOUNTED INVESTMENTS

AWAC's other assets and liabilities includes $374.9 million in relation to its equity accounted investments, namely the carrying value of its interests Ma'aden and Halco. While a case can be made to include the cash flows from these two investments, the reality is that there is very limited visibility to future earnings and cash flows for either of the investments. Specifically:

- Ma'aden is one of the newest and most cost efficient alumina refineries in the world. While its competitive cost profile means that it is free cash flow generative at current alumina prices, the value of Ma'aden's equity is constrained by:
  - the substantial amount of project financing that remains outstanding. AWAC's pro rata share of the outstanding debt is well in excess of $400 million (compared to the carrying value of its investment in Ma'aden of around $155 million);
  - the outstanding debt balance is not expected to be repaid at least until the 2030s, following which a decision may have to be made regarding its optimal capital structure (which may mean carrying some level of debt) and/or future expansions; and
  - dividends are not expected to be paid to joint venture partners until at least the debt balance is reduced substantially. The future expansion plans for the alumina-aluminium complex may delay dividends even further.

  In theory, the lack of any dividends would mean that the value of AWAC's interest in Ma'aden would be negligible from a DCF perspective. However, the alumina refinery still has a number of attractive features that should attract some value to the right buyer such as its:
  - scarcity, as it is the first alumina refinery in the Middle East;
  - scale, as it can produce up to 1.8Mtpa of alumina (most of which is sold to the co-located smelter);
  - competitive cost position, as it is the third lowest cost alumina refinery in the world; and
  - government support, given the direct investment by the Saudi Arabian government through its sovereign wealth fund.

  Accordingly, Grant Samuel believes that a DCF analysis may not adequately represent the value of Ma'aden and instead believes that the carrying value is a reasonable basis for the value of AWAC's interest in Ma'aden; and
- Halco owns a 51% interest in CBG, which is a bauxite mine operation in Guinea. Through its investment in Halco, AWAC receives income either through:

- dividends, which represents its equity interest in the business; or
- bauxite offtake margins, which represents the profit (or loss) that AWAC generates on its share of the bauxite output from CBG (which may not be the same proportion as its equity interest) based on the margin earned from third party bauxite sales above the offtake price (which is tied to a number of factors, including the LME Aluminium price).

While AWAC can (and should) expect to generate a profit on its bauxite offtake arrangement, historical profits from bauxite sales have been extremely volatile as the third party markets for bauxite do not necessarily align with third party markets for aluminium (which partly represents the cost of the offtake). Dividends have also been very inconsistent and irregular although some of the recent restraint in dividends may have been partly due to the bauxite mine expansion that was just completed and is in the process of ramping up. It is not unreasonable to believe that some level of dividends should be available going forward.

However, in the absence of detailed information, Grant Samuel believes that the carrying value is a reasonable basis for the value of AWAC's interest in Halco.

EXCLUDED ITEMS

AWAC has a number of other assets and liabilities on its balance sheet that have not been included in other assets and liabilities for the following reasons:

- tax losses have been included in the cash flow model for the DCF analysis (with utilisation of the dependent on the taxable income generated by the tax group holding the respective tax losses). Additional tax losses generated by the loss making operations at San Ciprián refinery over the projection period are assumed to be "trapped" and left unutilised; and
- franking credits, which have not been included in other assets and liabilities as they do not have value to shareholders unless they are distributed as fully franked dividends (see Section 5.6).

AWAC also has a number of off balance sheet items that have not been included in other assets and liabilities for the following reasons:

- a deferred contingent payment of $16 million from South32. This balance has not been included in other assets and liabilities as the payment is dependent on the satisfaction of certain conditions in relation to future development at MRN (which is subject to a high degree of uncertainty and, in any event, not in the control of AWAC).
- the outcome of other litigation, including that associated with former AWAC assets where Alumina shareholders have an existing exposure to the risk. These proceedings remain ongoing and the outcome of the proceedings is uncertain. No provisions have been raised by AWAC in relation to these proceedings as it is not possible to determine the ultimate impact (if any). AWAC is defending the various claims made.

5.3.4 AWAC Adjusted Net Cash

AWAC's adjusted net cash for valuation purposes is $275 million. The amount reflects AWAC's net cash as at 31 December 2023.

Reported net cash has been calculated exclusive of lease liabilities, which is consistent with the basis on which AWAC's business operations have been valued (i.e. annual lease payments have been included in the cash flows used in the DCF analysis).

Grant Samuel would typically adjust net borrowings for capitalised borrowing costs as these are accounting assets (i.e. cash amounts incurred previously but capitalised and amortised over the life of the relevant borrowings). However, Alumina has not provided this amount and advised that the balance carried by AWAC is immaterial.

5.4 Alumina Head Office Costs

Alumina's head office costs are currently around $12.5 million per annum. These costs represent costs associated with running Alumina's head office and other overheads and include:

- the Alumina executive office (such as costs associated with the offices of the Managing Director and CEO, company secretarial and legal, planning and development, corporate affairs, treasury, tax); and
- listed company expense (such as directors fees and insurance costs, annual reports and shareholder communications, share registry and listing fees and dividend processing).

Any acquirer of Alumina would be able to save the costs associated with being a listed company. Furthermore, an acquirer of Alumina which has an existing presence in the aluminium value chain would be able to eliminate essentially all of the costs associated with the Alumina executive office as they would already have comparable capabilities in place. On this basis, 100% of corporate costs could be saved and no allowance has been made in the valuation of Alumina for corporate costs. However, realising the cost synergies is expected to involve certain one-off implementation costs. Grant Samuel has estimated these one off implementation costs of achieving the savings to be approximately $12.5 million (before tax) which is equal to one year's cost savings.

5.5 Alumina Adjusted Net Borrowings and Other Assets and Liabilities

Alumina's adjusted net borrowings (excluding lease liabilities) are $294.3 million (equal to the balance at 31 December 2023). Grant Samuel would typically adjust net borrowings for capitalised borrowing costs as these are accounting assets (i.e. cash amounts incurred previously but capitalised and amortised over the life of the relevant borrowings). However, Alumina has not provided the capitalised borrowing costs on the basis that the balance is immaterial.

Net borrowings exclude lease liabilities which are offset by lease assets but the net balance has been assumed at nil.

No adjustments have been made for the pro-rata share of debt (including lease liabilities) held by AWAC as these balances have been included in the valuation of Alumina's 40% interest in AWAC (see Section 5.3.4).

Other assets and liabilities of $(10.6) million represents:

- other balance sheet items such as payables and provisions (net of receivables) recognised by Alumina in its financial accounts at 31 December 2023; and
- one off implementation costs of $8.8 million (i.e. $12.5 million, net of tax) needed to be incurred to achieve the synergies (see Section 5.4).

5.6 Franking Credits

Under Australia's dividend imputation system, domestic equity investors receive a taxation credit (franking credit) for tax paid by a company. The franking credit attaches to any dividends paid by a company and the franking credit offsets personal tax for Australian investors. To the extent that personal tax has been fully offset the individual will receive a refund of the balance of the franking credit. Franking credits therefore have value to the recipient.

However, in Grant Samuel's opinion, while acquirers are attracted by franking credits there is no clear evidence that they will actually pay extra for a company with them (at any rate the sharemarket evidence used by Grant Samuel in valuing Alumina will already reflect the value impact of the existence of franking credits). Further, franking credits are not an asset of the company in the sense that they can be readily realised for a cash sum that is capable of being received by all shareholders. The value of franking credits can only be realised by shareholders themselves when they receive distributions. Importantly, the value of franking credits is dependent on the tax position of each individual shareholder. To some shareholders (e.g. overseas shareholders) they may have very little or no value. Similarly, if they are attached to a distribution which would otherwise take the form of a capital gain taxed at concessional rates there may be minimal net benefit (in fact, there may be some categories of shareholders who are worse off in this situation such as shareholders with a capital loss on disposal of the shares).

Accordingly, while franking credits may have value to some shareholders they do not affect the underlying value of the company itself. No value has therefore been attributed to Alumina's accumulated franking credit position in the context of the value of Alumina as a whole.

6 Profile of Alcoa

6.1 Background

Alcoa's predecessor company, Alcoa Inc., was first incorporated as The Pittsburgh Reduction Company in 1888, two years after the discovery of a process for producing aluminium through electrolysis that reduced the cost of production (the Hall-Héroult process), which is one of two processes used by aluminium producers globally. The company's name was changed to The Aluminium Company of America in 1907 and its common stock was listed on the New York Curb Exchange (the predecessor of the American Stock Exchange) in 1925. It became known as Alcoa, and officially changed its name to Alcoa Inc. in 1998.

Alcoa Inc. was the first mass producer of aluminium. Over the following decades, it expanded its operations to new applications (e.g. fabricated aluminium products, cast products, building cladding, pull tab cans) and industries (e.g. the automotive and aerospace industries) as well as new markets (Western Europe, Scandinavia, Canada and Australia) and invested in research to find new aluminium applications, test performance and improve production processes.

In 1928, in an attempt to address increasing antitrust concerns, Alcoa Inc. created an independent company in Canada, Aluminium Limited (renamed Alcan Aluminium Limited ("Alcan") in 1966) and transferred to it almost all of its holdings outside of the United States. Some years after this spin off, Alcoa Inc. re-established its international presence by way of acquisitions (e.g. Alumax Inc. in 1998 and Reynolds Metals Co. and Cordant Technologies Inc. in 2000). In 2007, it made a $27 billion hostile takeover offer for Alcan in an attempt to form the world's largest aluminium producer although the offer was withdrawn after Alcan announced a friendly takeover by Rio Tinto.

In 2016, Alcoa Inc. separated its upstream mining, refining and smelting business (Alcoa Corporation) from its fabrication businesses that designed and built processed metal parts, principally for the automotive and aerospace industries (Arconic, Inc. ("Arconic")). Arconic split into two standalone listed companies, Arconic Corporation (rolled products business) and Howmet Aerospace Inc. (engineered products and forgings business) in 2020.

Alcoa and its predecessor companies have always had a strong focus on sustainability. In 1979, it incorporated Alcoa Recycling Company to increase its recycling activity (Alcoa states on its website that aluminium is infinitely recyclable and that recycling uses 95% less energy than aluminium production from ore) and in 2012, announced that it would take over full ownership and operation of Evermore Recycling, a leader in used beverage can recycling. In 2018, it formed a joint venture (the ELYSIS partnership) to commercialise a smelting technology that eliminates all greenhouse gas emissions and in 2020 it expanded its *Sustana* line of products[55] with the introduction of *EcoSource*, the industry's first low-carbon, smelter grade alumina brand. In 2021, Alcoa announced an ambition to achieve net zero greenhouse gas emissions across its global operations by 2050. Alcoa has been included in the Dow Jones Sustainability Index since 2001 (and today is part of the World and North American Dow Jones Sustainability Indexes).

To support its sustainability credentials, in February 2024 Alcoa released its Green Finance Framework, which sets out the criteria for what constitutes a "green project" and provides a structured approach for Alcoa to assess, select and report on its Green Finance initiatives, assisting Alcoa to deliver its sustainability strategy by aligning it with its financing strategy. Under the Framework, Alcoa may issue a variety of green finance instruments to finance and/or refinance, in whole or in part, new or existing qualifying projects that meet certain eligibility criteria and are expected to have a positive environmental impact.

Today, Alcoa is a leading integrated producer of aluminium globally with operations in 27 locations across nine countries and approximately 13,600 employees. It is listed on the NYSE and has a market capitalisation of approximately $7.9 billion (circa A$12 billion).

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55 Which already included *EcoDura* aluminium (recycled content) and *EcoLum* aluminium (low carbon).

6.2 Business Operations and Strategy

Business Operations

Alcoa operates through two business segments:

- **Alumina**, which consists of Alcoa's worldwide refining system, including the mining of bauxite, which is refined into alumina. The Alumina business segment comprises:
  - Alcoa's 60% interest in AWAC (excluding AWAC's interest in the Portland smelter);
  - the Poços de Caldas mine and refinery in Brazil; and
  - Alcoa's 14.04% interest in the Alumar refinery in São Luis in Brazil (which is in addition to AWAC's 39.96% interest in the Alumar refinery).

  A description of AWAC's operations (including the Alumar alumina refinery) is set out in Section 4.2 of this report.

  Poços de Caldas was Alcoa's first venture in Brazil. It includes a bauxite mine and an alumina refinery (as well as an aluminium casthouse facility that is included in the Aluminium business segment). Alcoa has the right to develop and mine bauxite within an area of 7,424 hectares through mining leases from the Government of Brazil and the state of Minas Gerais that expire in 2031[56] as well as company claims and third party leases. Poços de Caldas currently produces 0.4Mtpa of bauxite. Ore is transported from the mine to the refinery by road with mining offices and services located at the refinery and power supplied from the commercial grid. The alumina refinery has a nameplate capacity[57] of 390ktpa; and

- **Aluminium**, which consists of Alcoa's global aluminium smelting and casting operations and a portfolio of energy production assets:
  - the smelting operations produce molten primary aluminium, which is formed by the casting operations into either common alloy ingot (such as t-bar, sow and standard ingot) or into value add ingot products (such as foundry, billet, rod, and slab). This segment includes AWAC's 55% interest in the Portland smelter and Alcoa's 25.1% share of Ma'aden, the smelting joint venture company in Saudi Arabia (the Ma'aden alumina refinery interest is owned through AWAC); and
  - the energy assets supply power to external customers in Brazil and the United States, as well as internal customers in the Aluminium segment (the Baie-Comeau smelter in Canada and the Warrick smelter in Indiana) and, to a lesser extent, the Alumina segment (Brazilian refineries).

  Alcoa's primary aluminium facilities and its global smelting capacity as at 31 March 2024 are summarised below:

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56 Under Brazilian mineral legislation mining concessions remain in force until the deposit is exhausted. Alcoa's concessions may be extended later or expire earlier than estimated, based on the rate at which these deposits are exhausted and on obtaining any additional governmental approval, as necessary.

57 Nameplate capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production.

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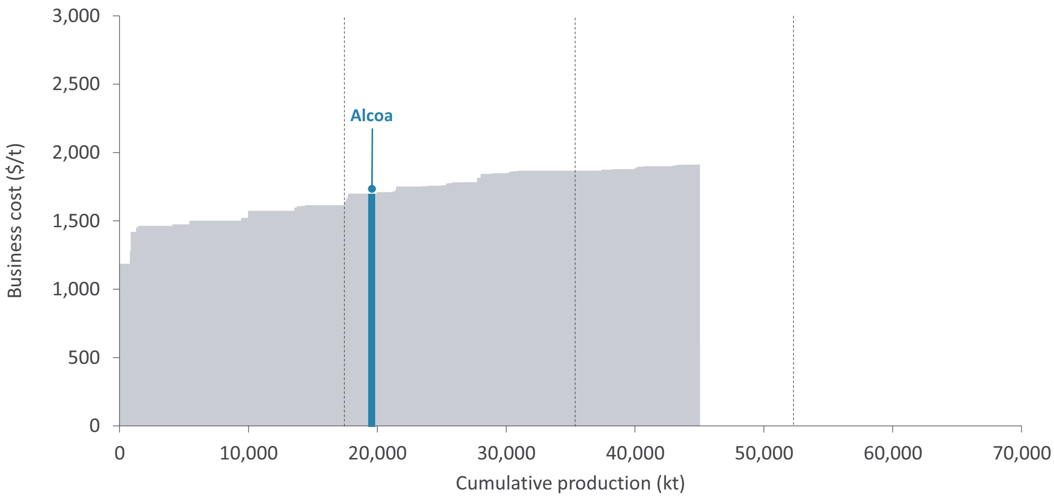
ALCOA – PRIMARY ALUMINIUM SMELTING FACILITIES AND CAPACITY AS AT 31 MARCH 2024

COUNTRY	FACILITY	ALCOA OWNERSHIP INTEREST	NAMEPLATE CAPACITY (KTPA)	ALCOA SHARE OF CAPACITY (KTPA)	AWAC SHARE OF CAPACITY (KTPA)	NON-AWAC SHARE OF CAPACITY (KTPA)
Owned						
Australia	Portland	55%	358	197	197	-
Brazil	Poços de Caldas	100%	-[58]	-	-	-
	São Luís (Alumar)	60%	447	268		268
Canada	Baie Comeau	100%	324	324	-	324
	Bécancour	74.95%	467	350	-	350
	Deschambault	100%	287	287	-	287
Iceland	Fjarðaál	100%	351	351	-	351
Norway	Lista	100%	95	95	-	95
	Mosjøen	100%	200	200	-	200
Spain	San Ciprián	100%	228	228	-	228
United States	Massena West	100%	130	130	-	130
	Evansville (Warrick)	100%	215	215	-	215
Total owned			**3,102**	**2,645**	**197**	**2,448**
Equity Interest						
Saudia Arabia	Ras Al Khair (MAC)	25.1%	804	202	-	202
TOTAL			**3,906**	**2,847**	**197**	**2,650**

Source: Alcoa

As at 31 March 2024, Alcoa had idle smelting capacity of approximately 425ktpa (or circa 16% of its total share of capacity of 2,645ktpa), including 214ktpa at the San Ciprián smelter, 84ktpa at the Alumar smelter, 54ktpa at the Evansville (Warrick) smelter, 42ktpa at the Portland smelter and 31ktpa at the Lista smelter. These curtailments have been part of Alcoa's five year strategic portfolio review (commenced in October 2019) to improve cost positioning or curtail, close, or divest 1.5Mt of smelting capacity. In CY23, Alcoa was a second quartile cost producer of aluminium on a consolidated basis:

GLOBAL ALUMINIUM SMELTER COST CURVE, 2023 BASIS



Source: CRU

[58] The Poços de Caldas facility is a casthouse and does not include a smelter. The Poços de Caldas smelter was fully curtailed in 2015.

Sales of primary aluminium range from spot purchases to multi-year supply contracts. Pricing is typically made up of three components:

- the published LME aluminium price for commodity grade P1020 aluminium;
- the published regional premium applicable to the delivery location (i.e. Midwest, Rotterdam (Duty Paid) or Japan); and
- a negotiated product premium to take into account factors such as shape and alloy.

Alcoa's electricity generation facilities and its electricity generation capacity as at 31 December 2023 are summarised below:

ALCOA – ELECTRICITY GENERATION FACILITIES AND CAPACITY AS AT 31 DECEMBER 2023

COUNTRY	FACILITY	ALCOA OWNERSHIP INTEREST	ALCOA SHARE OF CAPACITY (MW)	CY23 GENERATION (GWH)
Owned				
United States	Warrick	100%	657	3,641
Equity Interest				
Brazil[59]	Barra Grande	42.2%	150	1,315
	Estreito	25.5%	155	1,360
	Machadinho	27.3%	126	1,058
	Serra do Facão	35%	60	526
Canada	Manicouagan	40%	133	1,161
Total			**1,281**	**9,060**

Source: Alcoa

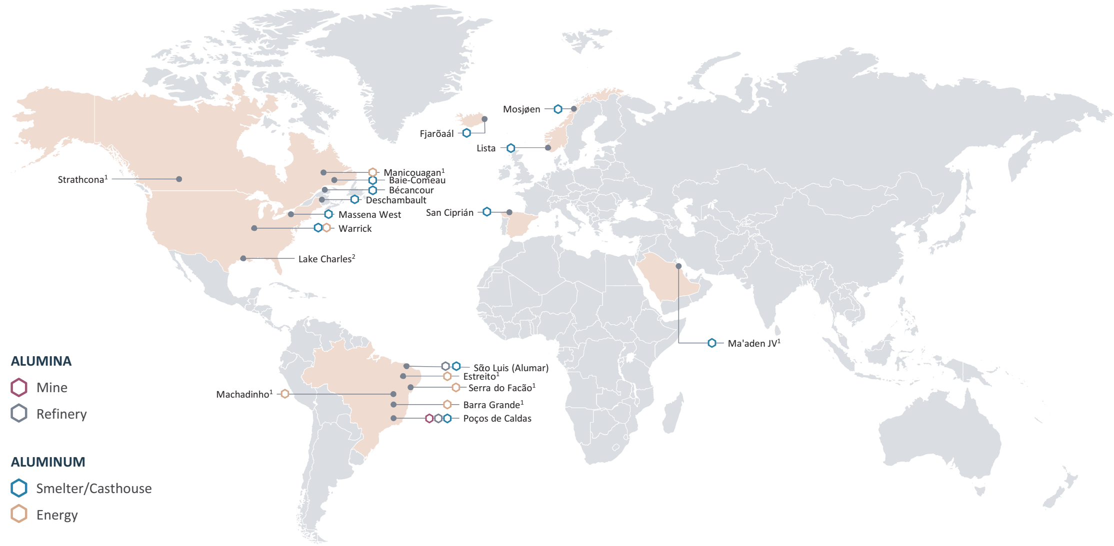
Each facility generates hydropower except for the Warrick facility (which generates power using coal reserves from the Alcoa owned Liberty Mine as well as coal purchased from third parties). Approximately 67% of the electricity generated by the Warrick facility is used by the Warrick smelting facility (with the balance sold into the market). The Brazilian facilities produce electricity that is transmitted via the grid to Alcoa's refineries in Brazil with excess capacity sold into the market.

In CY23, Alcoa generated approximately 9% of the power used at its smelters globally (with the remainder generally purchased under long term arrangements). Approximately 87% of the smelting portfolio (by volume) is powered by renewable energy (exceeding the 85% target set for CY24).

The following map shows the location of Alcoa's non-AWAC assets (i.e. primarily its aluminium smelting and energy assets) (see Section 4.2.1 for the location of the AWAC operations):

[59] The Alcoa share of capacity of the Brazilian energy facilities is the "assured energy" which represents approximately 53% of hydropower plant nominal capacity.

LOCATION OF ALCOA NON-AWAC ASSETS

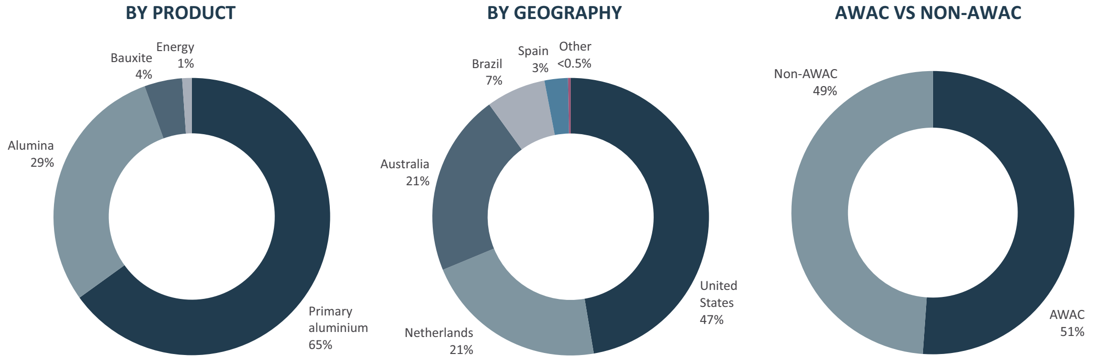


1. *1. Minority ownership, non-operating partner*
2. *Lake Charles is a coke calciner that produces calcined petroleum coke which is supplied to Alcoa's smelters in Canada and Europe for use in aluminium production.*

Source: Alcoa

The Alumina and Aluminium segments are run on an integrated basis. In CY23, 83% of bauxite shipments (by volume)[60] were to Alcoa refineries and 32% of alumina shipments (by volume) were to Alcoa smelters. As a result, the majority of its revenue is derived from aluminium sales. Key markets (based on the country where the point of sale originated) are the United States, the Netherlands and Australia and revenue is approximately equally derived from AWAC and non-AWAC assets:

ALCOA – CONTRIBUTION TO CY23 REVENUE



Source: Alcoa and Grant Samuel analysis
Note: Revenue from sales of primary aluminium is shown net of realised gains and losses related to embedded derivative instruments designated as cash flow hedges of forward sales of aluminium.

A more detailed description of Alcoa's key assets is set out in Section 6.2 of the Scheme Booklet.

Strategy

Alcoa's strategy is designed to create stockholder value while aligning with its purpose, vision, and values. It is currently focussed on three strategic priorities:

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60 These percentages were higher than historical averages of 87-92% to Alcoa refineries and 8-13% to third parties.

- **reducing complexity** and developing a portfolio of assets that is profitable, safe, stable, low cost, low carbon emitting and supported by a strong balance sheet (e.g. through maintaining a lean overhead structure and actively managing its asset portfolio). Alcoa is undertaking a five year strategic portfolio review of its smelting and refining capacity to improve cost positioning or curtail, close, or divest 1.5Mt of smelting capacity and 4Mt of refining capacity. By January 2024, the review of refining capacity had been completed and it had reached approximately 93% of its target for smelting capacity. This focus on operational stability and portfolio transformation results in a reduction in complexity and improved cash generation to support Alcoa's capital allocation framework (i.e. maintaining a strong balance sheet through the cycle while investing to sustain and improve existing operations and maximise value creation by returning cash to stockholders, transforming the portfolio and positioning for growth);
- **advancing sustainably** by seeking to increase value from a leading sustainability position through:
  - offering a comprehensive suite of products made with lower carbon emissions (under the *Sustana* brand). These products create a differentiated position for Alcoa, serve growing markets focussed on lowering carbon emissions and provide competitive advantages that Alcoa can build on. Key initiatives include continuing full scale development of ELYSIS and progressing towards 2025 sustainability targets and net zero ambitions; and
  - the goal of being the lowest emitter of carbon dioxide among all global aluminium companies (across smelting and refining). In CY23, Alcoa exceeded its target of 85% of its smelting portfolio being powered by renewable energy; and
- **driving returns** by developing targeted growth opportunities that leverage its competitive advantages to meet the evolving demands of stakeholders and customers and create lasting value. Alcoa undertakes research and development projects to develop technologies that have the potential to drive value by reducing costs, improving efficiency and reducing greenhouse gas emissions in both alumina refining and aluminium smelting (e.g. the ELYSIS partnership; ASTRAEA, a proprietary technology under development that can purify post-consumer aluminium scrap up to levels that exceed what is produced at most primary aluminium smelters; and the "Refinery of the Future" initiative which aims to achieve alumina refining with no direct greenhouse gas emissions). Alcoa also has a focus on costs throughout the organisation.

Further discussion of Alcoa's strategy is set out in Section 6.4 of the Scheme Booklet.

6.3 Financial Performance

Historical Financial Performance

The historical financial performance of Alcoa for CY19 to CY23 and for 1Q24 is summarised below:

ALCOA - FINANCIAL PERFORMANCE ($ MILLIONS, US GAAP[61])

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL	1Q24 ACTUAL
Alumina production (mt)	*13.3*	*13.5*	*13.3*	*12.5*	*10.9*	*2.7*
Third party alumina sales (mt)	*9.5*	*9.6*	*9.6*	*9.2*	*8.7*	*2.4*
Realised alumina price ($/t)	*343*	*273*	*326*	*384*	*358*	*372*
Aluminium production (mt)	*2.1*	*2.3*	*2.2*	*2.0*	*2.1*	*0.5*
Aluminium sales (mt)	*2.9*	*3.0*	*3.0*	*2.6*	*2.5*	*0.6*
Realised primary aluminium price[62] ($/t)	*2,141*	*1,915*	*2,879*	*3,457*	*2,828*	*2,620*

[61] A number of line items shown in this table are not US GAAP defined terms (e.g. EBITDA, corporate expenses) but these line items have been calculated (in the case of EBITDA) and disclosed by Alcoa in its Annual Reports. The statistics included in this table (other than EPS and DPS) have been calculated by Grant Samuel.

[62] Realised primary aluminium price includes all regional and product premiums.

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ALCOA - FINANCIAL PERFORMANCE ($ MILLIONS, US GAAP[61]) (CONT)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL	1Q24 ACTUAL
Revenue	**10,433**	**9,286**	**12,152**	**12,451**	**10,551**	**2,599**
Business EBITDA	**1,757**	**1,253**	**2,892**	**2,352**	**669**	**166**
Corporate expenses[63]	(101)	(102)	(129)	(128)	(133)	(34)
EBITDA	**1,656**	**1,151**	**2,763**	**2,224**	**536**	**132**
Depreciation, amortisation and depletion	(713)	(653)	(664)	(617)	(632)	(161)
EBIT	**943**	**498**	**2,099**	**1,607**	**(96)**	**(29)**
Share of NPLAT from equity accounted associates[64]	(49)	(46)	105	(27)	(228)	na
Net interest expense	(112)	(144)	(194)	(84)	(45)	(27)
Other income/(expenses) (net)[33]	(139)	(134)	16	(40)	40	(45)
Provision for income tax	(436)	(226)	(522)	(444)	(156)	(42)
NPLAT	**207**	**(52)**	**1,504**	**1,012**	**(485)**	**(143)**
NPLAT attributable to non-controlling interest	(391)	(163)	(207)	(143)	80	(2)
NPLAT attributable to Alcoa stockholders	**(184)**	**(215)**	**1,297**	**869**	**(405)**	**(145)**
Significant items[65]	(1,081)	(1)	(827)	(754)	(255)	(224)
Tax impacts[66]	21	39	(107)	(220)	(33)	60
Non-controlling interest impact from significant items	119	7	66	(18)	42	57
Reported NPLAT attributable to Alcoa stockholders	**(1,125)**	**(1,070)**	**429**	**(123)**	**(651)**	**(252)**
KEY STATISTICS						
Basic EPS (based on NPLAT attributable to Alcoa stockholders)	*$(0.99)*	*$(1.16)*	*$6.96*	*$4.81*	*$(2.27)*	*$(0.81)*
Reported basic EPS	*$(6.07)*	*$(0.91)*	*$2.30*	*$(0.68)*	*$(3.65)*	*$(1.41)*
DPS	*-*	*-*	*$0.20*	*$0.40*	*$0.40*	*$0.10*
Revenue growth	*nc*	*-11%*	*+31%*	*+2%*	*-15%*	*-3%*[67]
EBITDA growth	*nc*	*-30%*	*+140%*	*-20%*	*-76%*	*-45%*[67]
EBIT growth	*nc*	*-47%*	*+321%*	*-23%*	*-106%*	*-133%*[67]
EBITDA margin	*16%*	*12%*	*23%*	*18%*	*5%*	*5%*
EBIT margin	*9%*	*5%*	*17%*	*13%*	*-1%*	*-1%*
Effective tax rate	*(95)%*	*108%*	*52%*	*95%*	*(32)%*	*6%*
Interest cover	*7.8x*	*3.4x*	*10.8x*	*15.2x*	*nmc*	*nmc*

Source: Alcoa and Grant Samuel analysis

Under the relevant accounting standards, AWAC (in which Alcoa holds a 60% interest) is consolidated by Alcoa for financial reporting purposes. Alumina's 40% interest in AWAC is adjusted for as a single line of "NPLAT attributable to non-controlling interest" (with significant items and their tax impact attributable to the non-controlling interest also shown separately in the table above).

63 Corporate expenses represent general administrative and other expenses of operating the corporate headquarters and other global administrative facilities as well as research and development expenses of the corporate technical centre.

64 Share of NPLAT from equity accounted associates represents NPLAT from AWAC's investments in the Ma'aden joint venture (bauxite and alumina refining) and Alcoa's (non-AWAC) investments in the Ma'aden joint venture (aluminium smelting) and the ELYSIS partnership. The share of NPLAT from Alcoa's other equity accounted associates (Halco, a portion of the Bécancour smelter and various hydroelectric generation facilities) is included in cost of goods sold (and therefore EBITDA and EBIT). Share of NPLAT from equity accounted associates is included in other income/(expenses) (net) in 1Q24.

65 Alcoa refers to these items as "special items". Grant Samuel has used the term "significant items" for consistency with the reporting by Alumina.

66 Tax impacts include discrete and other tax impacts and the tax impact on significant items.

67 Compared to the prior corresponding quarter (i.e.1Q23).

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REVENUE AND EARNINGS

Alcoa's integrated operations provide benefits in terms of lower volatility in revenue and earnings and margins compared to AWAC and Alcoa's non-AWAC assets on a standalone basis (see Section 4.3 and the discussion on the financial performance of Alcoa's non-AWAC assets below).

Alcoa's financial performance reflects the factors that impact AWAC (in particular, alumina production levels, realised alumina prices and, more recently, rising costs, see Section 4.3) as well as aluminium production and prices (albeit alumina prices and aluminium prices are inextricably linked). Higher realised alumina and realised primary aluminium prices have generally resulted in higher revenue and higher earnings (other than in CY22 which was impacted by lower production and higher costs, see below). Other factors impacting Alcoa's financial performance have included:

- record production of bauxite and alumina in CY20 despite the impact of the COVID-19 pandemic, with a corresponding increase in shipments. Production and shipments of aluminium also benefited from the restart of the Bécancour smelter in Canada. Despite the increase in shipments, revenue fell due to lower alumina and aluminium prices and the loss of revenue from the sale of the Afobaka hydroelectric dam at the end of CY19;
- declines in production of both alumina and aluminium in CY21 and CY22. Alumina production fell primarily as a result of lower production at the Alumar and Australian refineries and partial curtailment of the San Ciprián refinery. Aluminium production was adversely impacted by smelter curtailments (Intalco and San Ciprián) more than offsetting the increase in production from restarts (Bécancour, Alumar and Portland). Lower production resulted in lower shipments in CY22, a larger reduction in aluminium shipments as a result of lower trading volumes (although most of the decline was commodity grade aluminium with shipments of value add products only 1% lower). Despite the decline in production and shipments, higher premiums for value add products combined with higher alumina and aluminium prices resulted in increased revenue, with Alcoa achieving its highest revenue since CY18 in CY21;
- while higher revenue translated to higher EBITDA in CY21, with the EBITDA margin increasing to 23% despite global supply chain issues resulting in an increase in raw materials and energy costs, EBITDA declined in CY22 as costs for raw materials, energy and production costs continued to increase, with the EBITDA margin falling from 23% in CY21 to 18% in CY22;
- alumina production fell again in CY23 and 1Q24[68] as lower production at the Australian refineries and partial curtailment of the San Ciprián refinery continued and the Kwinana refinery in Australia was also partially curtailed. In contrast, aluminium production increased in CY23 and was consistent with the prior quarter in 1Q24 as the restart of the Alumar smelter more than offset reduced production at the San Ciprián and Lista smelters. Shipments of both alumina and aluminium fell in CY23 (although lower alumina production was offset in part by increased trading volumes whereas aluminium shipments were impacted by a further decrease in trading volumes). The fall in shipments was exacerbated by lower average realised prices for alumina and aluminium which resulted in a 15% decline in CY23 revenue. There was a flow on effect to EBITDA, which was further impacted by higher production costs, particularly for alumina, resulting in a fall in the EBITDA margin to 5% and an EBIT loss; and
- the CY23 trend continued into 1Q24. Revenue was consistent with the prior quarter (4Q23), but well below the prior corresponding period (1Q23), with an increase in third party alumina revenue from higher shipments and a higher average realised price more than offset by a lower average realise price for aluminium (as a result of the Alumar smelter restart hedging program ending in December 2023).

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[68] Compared to the prior period (i.e. 4Q24).

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The EBITDA margin remained at 5%, with lower energy and raw materials costs partially offset by higher production costs.

Corporate expenses have increased by an average of 7% per annum over the past five years, although they were flat in CY20 following Alcoa deploying a new operating model that was expected to reduce annual overhead expenses by $60 million from 2Q20. The majority of the increase occurred in CY21 as a result of higher variable compensation costs (following a record year of performance). Corporate expenses remained at an elevated level in CY22 and CY23 due to increasing research and development costs and, in CY23, higher external legal fees.

Net interest expense reached a peak in CY21 as debt levels increased (although Alcoa was in a net cash position by the end of CY21 following almost $1 billion in asset sales over the year). Since CY21, debt has been at around $1.8 billion (at year end) but net interest expense has fallen due to the redemption of higher interest rate senior notes during CY21 and CY22 and their replacement with lower interest rate senior notes.

REPORTED NET INCOME

Reported net income/(loss) has been materially impacted by significant items[65] in all years other than CY20. Significant items are summarised below:

ALCOA – SIGNIFICANT ITEMS[65] ($ MILLIONS, US GAAP)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL	1Q24 ACTUAL
Restructuring and other charges (net)	(1,031)	(104)	(1,128)	(696)	(184)	(202)
Refinery and smelter restart costs	(39)	(56)	(6)	(87)	(33)	(5)
Smelter closure costs	-	-	(10)	-	(16)	-
Gain on sale/(adjustments to gain on sale)	16	180	352	(10)	(17)	(11)
Mark-to-market of energy derivative instruments	-	(10)	25	41	(8)	(4)
Debt redemption expenses	-	-	(54)	-	-	-
Other	(27)	(11)	(6)	(2)	3	(2)
Total significant items (before tax)	**(1,081)**	**(1)**	**(827)**	**(754)**	**(255)**	**(224)**
Tax effect of adjustments	32	13	(6)	(4)	12	60
Valuation allowance and other adjustments	(11)	26	(101)	(216)	(45)	-
Total significant items (after tax)	**(1,060)**	**38**	**(934)**	**(974)**	**(288)**	**(164)**
Attributable to non-controlling interest	(119)	(7)	(66)	18	(42)	57
Attributable to Alcoa stockholders	**(941)**	**45**	**(868)**	**(992)**	**(246)**	**(107)**

Source: Alcoa and Grant Samuel analysis

Total significant items are shown on a 100% basis (i.e. including the significant items attributable to the non-controlling interest) and are attributed to either the non-controlling interest or Alcoa stockholders.

The main significant items are restructuring and other charges (net), offset in part by gain on sale of assets in CY20 and CY21. These adjustments are discussed further below:

- restructuring and other charges are primarily actions taken to reduce overall pension and other postretirement benefits liabilities[69] (CY19, CY21 and CY22) and loss on divestments and asset impairments (CY19). Restructuring and other charges common to all years (but smaller in size) are asset retirement obligations and environmental remediation costs. CY19 also included severance and employee termination costs related to implementation of a new operating model. In 1Q24, restructuring and other charges include a charge of $197 million related to the curtailment of the Kwinana refinery; and

[69] See Section 6.4 for a description of Alcoa's pension and other postretirement benefits plans.

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- the gains on sale reported in CY20 and CY21 were part of Alcoa's strategic review to drive lower costs and sustainable profitability. One component of this strategy was the sale of non-core assets to generate $0.5-1.0 billion in cash. Alcoa reported a $180 million gain in CY20 on the sale of a waste treatment facility in the United States and a $354 million gain in CY21 primarily in relation to the sale of land at the previously closed Rockdale and Eastalco smelter sites, both in the United States.

Significant items also includes valuation allowances which were considerable in CY21 ($97 million in relation to Alcoa's Spanish alumina subsidiary) and CY22 ($217 million in relation to Alcoa Aluminio).

TAX

Alcoa is subject to income tax in both the United States and various foreign jurisdictions in which it operates.

The significant variation in the effective tax rate over the past five years (and its difference from the United States federal statutory tax rate of 21%) is primarily due to:

- the differential between the United States federal statutory tax rate and the tax rates in the foreign countries in which Alcoa operates (e.g. Australia at 30%); and
- valuation allowances and reversal of valuation allowances against deferred tax assets in different countries, the write off of deferred tax assets and changes in utilisation of tax holiday rates (although some valuation allowances are treated as significant items).

DIVIDENDS

Alcoa has stated that it currently intends to pay a cash dividend on a quarterly basis but the payment of any dividend is entirely at the discretion of Alcoa's Board. Alcoa has stated that, in relation to decisions regarding the payment of dividends:

- the Board will have regard to factors such as Alcoa's financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in its debt, industry practice, legal requirements, regulatory constraints and any other factors deemed relevant; and
- Alcoa's ability to pay dividends depends on its ongoing ability to generate cash from operations and access to the capital markets.

Alcoa did not pay dividends over the five year period from 4Q16 (i.e. following its separation from Arconic) up until 3Q21. Since 3Q21, Alcoa has paid a consistent quarterly dividend $0.10 per share of common stock.

Dividends are paid quarterly (subject to Board approval). Dividends are not franked as dividend imputation is not part of the United States tax system.

Non-AWAC Financial Performance[70]

To illustrate the operating performance of Alcoa's non-AWAC assets through the cycle, the chart below shows Alcoa's aluminium shipments (production plus third party purchases), average cost of aluminium shipped and implied margin over the past seven years (i.e. following its separation from Arconic):

[70] Grant Samuel has calculated the financial performance of Alcoa's non-AWAC assets (revenue, EBITDA, NPLAT etc.) based on publicly available information by subtracting AWAC's financial performance from Alcoa's consolidated financial performance. For this purpose, AWAC's intercompany sales have been excluded from AWAC's revenue. While this calculation may not properly reflect all intercompany balances between Alcoa and AWAC, Grant Samuel regards the resulting pro forma financial performance of Alcoa's non-AWAC assets as useful for the purposes of the analysis set out in this report.

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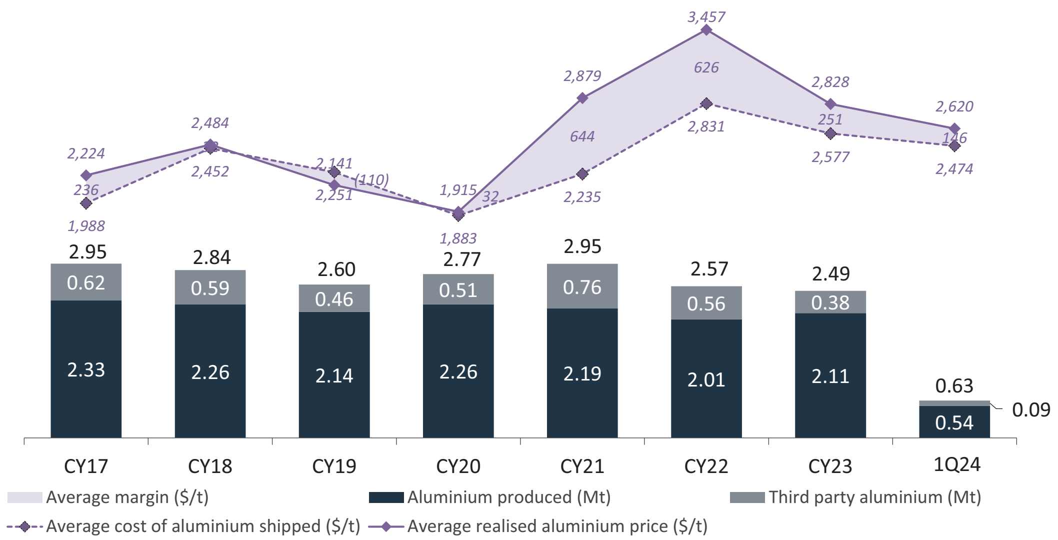
ALCOA – ALUMINIUM SHIPMENTS, PRODUCTION COST AND IMPLIED MARGIN[71]



Source: Alcoa and Grant Samuel analysis

Although the chart includes AWAC's 55% interest in the Portland smelter as well as third party purchases of aluminium (in addition to aluminium produced by Alcoa), it clearly illustrates the relatively high operating leverage of the Alcoa's smelting business through the:

- limited ability of Alcoa's aluminium segment to generate meaningful margins over the period from CY17 to CY20 (which was a driver of Alcoa's five year strategic portfolio review from October 2019 and has resulted in the divestment, closure or curtailment of 1.4Mtpa of (high cost) smelting capacity by January 2024);
- impact of higher realised aluminium prices from CY21 to CY23, albeit higher prices are only partially reflected in margin due to the correlation of aluminium and alumina prices (alumina represents, on average, circa 35% of the total cost of production); and
- increase in Alcoa's aluminium segment average cost of aluminium shipped above its historical average of circa $2,150/t in CY22 following Russia's invasion of the Ukraine in February 2022. While the cash cost has subsequently declined due to lower carbon and raw material costs, it remained elevated in CY23 and 1Q24 which, combined with lower realised aluminium prices, put pressure on Alcoa's aluminium margin. After alumina, the main production costs are power (on average, circa 26% of the total cost of production) and carbon (coke and pitch) (on average, circa 16% of the total cost of production). Alcoa's cost of power is largely linked to LME aluminium pricing and sourced from renewable energy.

These trends that have impacted the margins earned by Alcoa's Aluminium segment are mirrored in the historical financial performance of Alcoa's non-AWAC assets for CY19 to CY23[72], which is summarised below:

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[71] For the purposes of this chart, Alcoa's aluminium shipments, production cost and margin includes AWAC's 55% interest in the Portland smelter.

[72] Financial information for Alcoa's non-AWAC assets for 1Q24 is not able to be calculated as quarterly financial information for AWAC is not available.

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NON-AWAC ASSETS - FINANCIAL PERFORMANCE ($ MILLIONS, US GAAP)

	CY19 PRO FORMA	CY20 PRO FORMA	CY21 PRO FORMA	CY22 PRO FORMA	CY23 PRO FORMA
Alumina production (Mt)	*0.2*	*0.2*	*0.2*	*0.3*	*0.2*
Alumina shipments (Mt)	*0.6*	*0.7*	*0.7*	*0.7*	*0.4*
Aluminium production (Mt)	*2.0*	*2.1*	*2.0*	*1.8*	*1.9*
Aluminium shipments (Mt)	*2.7*	*2.9*	*2.9*	*2.4*	*2.3*
Realised primary aluminium price ($/t)	*2,155*	*1,926*	*2,896*	*3,495*	*2,859*
Revenue	**5,217**	**4,957**	**6,928**	**6,737**	**5,155**
EBITDA	**69**	**228**	**1,585**	**1,553**	**289**
Depreciation, amortisation and depletion	(407)	(365)	(337)	(322)	(315)
EBIT	**(338)**	**(136)**	**1,247**	**1,231**	**(26)**
Share of NPLAT from equity accounted associates[33]	(55)	(23)	101	13	(181)
Net interest expense	(117)	(144)	(193)	(103)	(50)
Other income/(expenses) (net)	(133)	(129)	(7)	(223)	30
Provision for income tax	(31)	(26)	(249)	(220)	(86)
NPLAT	**(673)**	**(459)**	**900**	**698**	**(313)**
KEY STATISTICS					
Revenue growth	*nc*	*-5%*	*+40%*	*-3%*	*-23%*
EBITDA growth	*nc*	*+230%*	*+594%*	*-2%*	*-81%*
EBIT growth	*nc*	*-60%*	*-1015%*	*-1%*	*-102%*
EBITDA margin	*1%*	*5%*	*23%*	*23%*	*6%*
EBIT margin	*(6)%*	*(3)%*	*18%*	*18%*	*(1)%*
Effective tax rate	*(5)%*	*(6)%*	*22%*	*24%*	*(38)%*
Interest cover	*nmc*	*nmc*	*6.5x*	*11.9x*	*nmc*

Source: Alcoa, AWAC and Grant Samuel analysis

Alcoa's non-AWAC assets are predominantly exposed to aluminium production and prices, with minimal alumina production and sales. The non-AWAC assets have generated positive EBITDA in all of the past five years but have generated positive EBIT and NPLAT (before significant items) only in CY21 and CY22, predominantly due to stronger realised aluminium prices. While aluminium prices remained reasonably strong in CY23, the performance of Alcoa's non-AWAC assets was impacted by relatively higher costs (albeit costs fell from the peak in CY22).

Declining annual aluminium production (from 2.1Mt in CY20 to 1.8Mt in CY22) reflects the impact of partial curtailments at the Alumar, Lista and Warrick smelters and the full curtailment of the San Ciprián smelter. The difference between annual aluminium production and annual sales is met by third party trading volumes, which are purchased by Alcoa to satisfy certain customer commitments. Third party trading volumes have been as high as 0.8Mt but fell to 0.4Mt in CY23.

Strong realised aluminium prices in CY21 and CY22 were the result of higher LME aluminium prices and higher premiums. LME aluminium prices increased due to supply disruptions, low inventories and high transportation costs, all of which were exacerbated by the Russia-Ukraine conflict. Alcoa's regional premiums increased significantly, driven by a strong Midwest premium (which applies to circa 50% of Alcoa's primary aluminium shipments). Product premiums also increased (after almost being eliminated as a result of a decline in end user demand caused by the COVID-19 pandemic) as Western consumers avoided Russian aluminium and there was a recovery in demand in the United States.

The EBIT loss in CY23 was exacerbated by losses from Alcoa's non-AWAC equity accounted associates[73] (primarily higher capital contributions to the ELYSIS partnership which have triggered loss recognition).

Refer to the discussion of Alcoa's consolidated financial performance above for commentary on net interest expense and tax.

Outlook

Alcoa has not publicly released detailed earnings forecasts for CY24 of subsequent years. However:

- in conjunction with the release of its 1Q24 results announcement on 18 April 2024, Alcoa provided the following outlook for its consolidated business for CY24 (before adjustments) (which updated the previous outlook provided at the time of the release of its 4Q23 and CY23 earnings announcement on 17 January 2024):
  - alumina production of 9.8-10.0Mt and alumina shipments of 12.7-12.9Mt in CY24, with the difference between production and shipments reflecting trading volumes and externally sourced alumina to fulfill customer contracts due to the curtailment of the Kwinana refinery;
  - aluminium production of 2.2-2.3Mt in CY24 (an increase from CY23 due to smelter restarts) and aluminium shipments of 2.5-2.6Mt in CY24 (consistent with CY23 as increased shipments are offset by lower trading volumes);
  - approximately $20 million in 2Q24 of unfavourable impacts (compared to the prior quarter) on Alumina segment adjusted EBITDA[74] related to higher seasonal maintenance and other mining costs;
  - for 2Q24 Aluminium segment adjusted EBITDA[74] (compared to the prior quarter), favourable raw material prices and production costs are expected to be fully offset by higher energy costs and alumina costs are expected to be unfavourable by $15 million;
  - capital expenditure for CY24 of circa $550 million (including sustaining capital expenditure of circa $460 million and return-seeking capital expenditure of circa $90 million);
  - depreciation, amortisation and depletion for CY24 of circa $675 million; and
  - interest expense for CY24 of circa $145 million (including the impact of the recent green bond issuance).

  In January 2024, Alcoa commenced a productivity and competitiveness program across its global operations and functions. The program includes a target to save approximately 5% of operating costs (excluding raw materials, energy and transportation costs which are already under active management and cost control programs). Total savings of approximately $100 million per annum are expected to be achieved by 1Q25; and
- Alcoa's Proxy Statement includes standalone projections for Alcoa for the five years from CY24 to CY28 prepared on a proportionately consolidated basis (i.e. including Alcoa's 60% interest in AWAC) as follows[36]:

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73 Share of NPLAT from equity accounted associates represents NPLAT from Alcoa's investments in the Ma'aden joint venture (aluminium smelting) and the ELYSIS partnership. The share of NPLAT from Alcoa's other equity account associates (a portion of the Bécancour smelter and various hydroelectric generation facilities) is included in cost of goods sold (and therefore EBITDA and EBIT).

74 Alcoa's definition of segment adjusted EBITDA is net margin plus depreciation, depletion and amortisation. Net margin is equal to sales less cost of goods sold, selling general, administrative and other expenses, research and development expenses and provision for depreciation, depletion and amortisation. Alcoa's segment adjusted EBITDA may not be comparable to similarly titled measures of other companies.

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ALCOA – STANDALONE PROJECTIONS ($ MILLIONS)

	CY24 PROJECTION	CY25 PROJECTION	CY26 PROJECTION	CY27 PROJECTION	CY28 PROJECTION
Benchmark aluminium price ($/t)	*2,300*	*2,397*	*2,504*	*2,590*	*2,652*
Revenue	**9,566**	**10,114**	**10,629**	**11,223**	**11,768**
EBITDA	**570**	**1,336**	**1,597**	**1,725**	**1,804**
Capital expenditure	(448)	(466)	(435)	(443)	(448)

Source: Alcoa Proxy Statement

It should be noted that these projections are not comparable to Alcoa's historical financial performance set out above as they do not consolidate AWAC but include Alcoa's 60% interest in AWAC on a proportionate basis.

6.4 Financial Position

The financial position of Alcoa as at 31 December 2023 and 31 March 2024 and Alcoa's non-AWAC assets[75] as at 31 December 2023[72] is summarised below:

ALCOA AND ALCOA'S NON-AWAC ASSETS - FINANCIAL POSITION ($ MILLIONS, US GAAP)

	31 DECEMBER 2023		31 MARCH 2024
	CONSOLIDATED ACTUAL	NON-AWAC PRO FORMA	CONSOLIDATED ACTUAL
Receivables and prepayments	1,274	606	1,453
Inventories	2,158	1,423	2,048
Accounts payable and accruals	(2,071)	(1,098)	(1,917)
Net working capital	**1,361**	**930**	**1,584**
Property, plant and equipment (net)	6,785	3,612	6,577
Equity accounted investments	969	594	969
Other investments	10	10	-
Goodwill and other intangible assets	183	183	182
Tax balances (net)	52	433	67
Fair value of derivative instruments (net)	(1,274)	(1,290)	(1,107)
Asset retirement obligations	(989)	(299)	(953)
Environmental remediation	(268)	(177)	(261)
Accrued pension and other postretirement benefits	(657)	(614)	(637)
Other	731	(216)	490
Total funds employed	**6,903**	**3,167**	**6,911**
Cash and cash equivalents[76]	944	590	1,358
Debt	(1,867)	(1,788)	(2,600)
Net debt (excluding lease liabilities)	**(923)**	**(1,198)**	**(1,242)**
Lease liabilities	(135)	(43)	(135)[77]
Net debt (including lease liabilities)	**(1,058)**	**(1,240)**	**(1,377)**
Net assets	**5,845**	**1,927**	**5,534**
Non-controlling interest	(1,594)	-	(1,540)
Equity attributable to Alcoa stockholders	**4,251**	**1,927**	**3,994**

75 Grant Samuel has calculated the financial position of Alcoa's non-AWAC assets based on publicly available information by subtracting AWAC's financial position from Alcoa's consolidated financial position. While this calculation may not properly reflect all intercompany balances between Alcoa and AWAC, Grant Samuel regards the resulting pro forma financial position of Alcoa's non-AWAC assets as useful for the purposes of the analysis set out in this report.

76 Cash and cash equivalents excludes $103 million (as at 31 December 2023) and $97 million (as at 31 March 2024) of restricted cash (included in other) related to commitments made for viability agreements for the restart of the San Ciprián smelter.

77 Alcoa does not disclose lease liabilities in its quarterly report or its Form 10Q and lease liabilities as at 31 March 2024 has not been provided by Alcoa. For the purposes of its analysis, Grant Samuel has assumed that lease liabilities as at 31 March 2024 is the same as lease liabilities as at 31 December 2023. Any difference would not be material.

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ALCOA AND ALCOA'S NON-AWAC ASSETS - FINANCIAL POSITION ($ MILLIONS, US GAAP) (CONT)

	31 DECEMBER 2023		31 MARCH 2024
	CONSOLIDATED ACTUAL	NON-AWAC PRO FORMA	CONSOLIDATED ACTUAL
KEY STATISTICS			
Shares of common stock on issue at period end (million)	*179.6*	*179.6*	*179.6*
Net assets per share of common stock	*$23.67*	*$10.73*	*$22.24*
NTA per share of common stock	*$22.66*	*$9.71*	*$21.23*
Leverage (excluding pension and other postretirement benefits)	*2.0x*	*4.3x*	*3.2x*
Leverage (including pension and other postretirement benefits)	*3.2x*	*6.4x*	*4.7x*
Gearing (excluding lease assets and lease liabilities)	*13.9%*	*38.9%*	*18.7%*
Gearing (including lease assets and lease liabilities)	*15.3%*	*39.2%*	*19.9%*

Source: Alcoa, AWAC and Grant Samuel analysis

Under the relevant accounting standards, AWAC (in which Alcoa holds a 60% interest) is consolidated by Alcoa for financial reporting purposes. Alumina's 40% interest in AWAC is adjusted for as a single line of "Non-controlling interest" in the table above.

Alcoa's Financial Position

The capital intensity of Alcoa's operations (including AWAC) means that its capital is predominantly deployed in long term fixed assets and liabilities such as:

- property, plant and equipment, which includes land and land rights (including bauxite mines), alumina refining, aluminium smelting and casting and energy generation structures and machinery and equipment associated with each of these activities; and
- asset retirement obligations and environmental remediation reserves. See Section 4.4 for a description of asset retirement obligations. The majority (circa 70%) of Alcoa's asset retirement obligations relate to AWAC's bauxite mining and alumina refining operations. Environmental remediation reserves are an estimate of the probable costs to remediate identified environmental conditions (where costs can be reasonably estimated). Approximately 65% of the cash outflows associated with Alcoa's environmental remediation reserves are estimated to occur over the next five years. The majority (circa 65%) of the reserves balance is attributable to Alcoa's non-AWAC assets.

Other notable items included in Alcoa's financial position as at 31 December 2023 and 31 March 2024 include:

- equity accounted investments which represent the carrying value of AWAC's investments in Ma'aden Bauxite and Alumina Company (25.1%) and Halco (45%) as well as Alcoa's (non-AWAC) investments in Ma'aden Aluminium Company (25.1%), a portion of its interest in the Bécancour smelter (held through Alcoa's 50% interest in Pechiney Reynolds Quebec, Inc.), the ELYSIS partnership (48.235%) and three hydroelectric generation facilities (two in Brazil where Alcoa holds a 34.97% and a 42.18% interest and one in Canada where Alcoa holds a 40% interest).

  From its launch in June 2018 up until 31 December 2023, Alcoa had contributed $118 million towards its investment commitment in the ELYSIS partnership, although it had a carrying value of nil as at 31 December 2023 due to its share of losses incurred;
- a relatively small balance for goodwill ($146 million) and other intangible assets ($37 million). All of the goodwill relates to Alcoa's alumina segment and is net of $742 million in accumulated impairments. Other intangible assets primarily comprise computer software and patents and licenses;
- Alcoa is exposed to risks in relation to changing commodity prices (aluminium and energy), foreign currency exchange rates and interest rates and enters into derivative contracts to mitigate uncertainty and volatility and to cover underlying exposures (although Alcoa does not generally enter into

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derivative contracts to mitigate the risk associated with changes in the aluminium price). The fair value of derivative instruments as at 31 December 2023 and 31 March 2024 primarily represents power contracts that index the price of power to the LME aluminium price (plus in some cases, the Midwest premium) and relate to Alcoa's non-AWAC assets;

- Alcoa sponsors several defined benefit pension plans that are paid through pension trusts (funded to ensure they can pay benefits to retirees as they become due) as well as health care postretirement benefit plans covering certain retired employees (unfunded which pay a percentage of medical expenses). Both types of plans have been closed to new employees for some time.

  Since its separation from Arconic, Alcoa has progressively reduced its on-balance sheet provision for accrued pension benefits by entering into annuity contracts with insurance companies under which the obligation to pay the retirement benefits of certain employees is transferred to the insurance company (in exchange for the corresponding retirement plan assets and payment of a fee). Alcoa's provisions for accrued pension and other postretirement benefits have been reduced from $3,104 million as at 31 December 2016 to $637 million as at 31 March 2024. The vast majority of these provisions (circa 75%) relate to unfunded other postretirement benefits; and

- the non-controlling interest represents Alumina's 40% interest in AWAC.

As at 31 December 2023 and 31 March 2024, Alcoa's debt consisted principally of private placements under Rule 144A of the *United States Securities Act of 1933* (as amended):

ALCOA – NET DEBT ($ MILLIONS, US GAAP)

FACILITY	AS AT 31 DECEMBER 2023		AS AT 31 MARCH 2024		TERM/ MATURITY
	FACILITY SIZE	AMOUNT DRAWN	FACILITY SIZE	AMOUNT DRAWN	
Short term borrowings	-	(56)	-	(52)	
Revolving credit facilities	(1,500)	-	(1,500)	-	April 2025-June 2027
Senior notes	(1,750)	(1,750)	(1,750)	(1,750)	2027-2029
Senior notes (green bond)	-	-	(750)	(750)	2031
Other	-	(82)	-	(82)	
Unamortised discounts and deferred financing costs		21		34	
Total interest bearing liabilities		**(1,867)**		**(2,600)**	
Cash and cash equivalents[76]		944		1,358	
Net debt (excluding lease liabilites)		**(923)**		**(1,242)**	

Source: Alcoa

Alcoa's net debt position benefits from the consolidation of AWAC (which is in a net cash position, albeit Alcoa only owns 60% of AWAC). Alcoa's proportionate net debt as at 31 March 2024 (i.e. including only its 60% of AWAC's net cash) was $1,353 million (excluding lease liabilities). AWAC's borrowings as at 31 March 2024 of $78 million are included in "Other" in the table above.

The short term borrowings relate to inventory repurchase agreements where Alcoa has sold aluminium to a third party and agreed to subsequently repurchase substantially similar inventory. Alcoa does not record sales on the shipment of inventory but recognises amounts received from third parties as borrowings ($117 million during CY23 and $21 million during 1Q24) offset by repurchased inventory ($61 million during CY23 and $25 million during 1Q24).

Senior notes comprise three separate private placements of notes ranging in size from $500 million to $750 million. Interest rates on the notes range from 4.125% to 6.125%. The senior note maturities are spread over five years, with the next debt maturity in 2027 (i.e. three years away). All of the senior notes are unsecured and rank equally with each other.

The senior notes and the revolving credit facilities are subject to customary affirmative and negative covenants such as limitations on liens, limitations on sale and leaseback transactions and a prohibition on a reduction in the ownership of AWAC entities below an agreed level. The negative covenants applicable to the senior notes are less extensive than those applicable to the revolving credit facilities. The revolving credit facilities are also subject to financial covenants. As at 31 March 2024, Alcoa was in compliance with all financial covenants.

The net proceeds from the senior notes (together with cash on hand) were used to make contributions to certain defined benefit pension plans, redeem existing senior notes and for general corporate purposes (including adding cash to Alcoa's balance sheet).

Subsequent to 31 December 2023, Alcoa has:

- amended its $1,250 million revolving credit facility (in January 2024) to provide it with flexibility to implement its portfolio actions in CY24. The amended terms include a temporary reduction of the minimum interest coverage ratio from 4:1 to 3:1 and an increase in the maximum addback for cash restructuring charges to EBITDA for CY24. Alcoa had no borrowings outstanding from this revolving credit facility as at 31 March 2024;
- closed an offering of $750 million of 7.125% senior notes due in 2031 (in March 2024), representing Alcoa's inaugural green finance instrument in alignment with its Green Finance Framework (see Section 6.1); and
- amended its $250 million revolving credit facility to provide collateral for its obligations under the facility (in January 2024) and to extend the maturity of the facility to April 2025 (in April 2024). During 1Q24, Alcoa borrowed $201 million under this revolving credit facility but that amount was repaid prior to 31 March 2024 (so that Alcoa has no borrowings outstanding from this revolving credit facility as at 31 March 2024).

As at 31 March 2024, Alcoa had gearing (excluding lease liabilities) of 18.7%, leverage (including pension and other postretirement benefits liabilities) of 4.7 times and total liquidity (cash balance plus undrawn revolving credit facilities) of $2.9 billion.

Alcoa[78] has long term debt ratings of BB (negative outlook) from Standard & Poor's ("S&P") (downgraded from BB+ on 4 March 2024), Ba1 (negative outlook) from Moody's Investor Services ("Moody's") (downgraded from Baa3 on 6 March 2024) and BB+ (stable outlook) from Fitch Ratings ("Fitch") (downgraded from BBB- on 4 March 2024).

The downgrade in Alcoa's long term debt ratings subsequent to announcement of the Scheme reflects the views of the credit agencies that Alcoa will face higher restructuring and operating costs, negative free cash flow and weaker credit ratios at a time that it is expected Alcoa will require access to additional liquidity, and amid a subdued outlook for the aluminium market, at least over the next 12-18 months.

Non-AWAC Financial Position

Most of the features of Alcoa's consolidated financial position in terms of the capital intensity of the business and other notable items is also relevant to the financial position of Alcoa's non-AWAC assets and is covered in the commentary above.

The main difference between Alcoa and Alcoa's non-AWAC assets is its net debt position, which is summarised below:

[78] Including, where relevant, Alcoa Nederland Holding B.V, a wholly owned subsidiary of Alcoa and the borrower for the group.

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ALCOA'S NON-AWAC ASSETS – NET DEBT ($ MILLIONS, US GAAP)

FACILITY	AS AT 31 DECEMBER 2023		AS AT 31 MARCH 2024		TERM/ MATURITY
	FACILITY SIZE	AMOUNT DRAWN	FACILITY SIZE	AMOUNT DRAWN	
Short term borrowings	-	(56)	-	(52)	
Revolving credit facilities	(1,500)	-	(1,500)	-	April 2025-June 2027
Senior notes	(1,750)	(1,750)	(1,750)	(1,750)	2027-2029
Senior notes (green bond)	-	-	(750)	(750)	2031
Other	-	(3)	-	(5)	
Unamortised discounts and deferred financing costs		21		34	
Total interest bearing liabilities		**(1,788)**		**(2,523)**	
Cash and cash equivalents[76]		590		1,003	
Net debt (excluding lease liabilites)		**(1,198)**		**(1,520)**	

Source: Alcoa and Grant Samuel analysis

As at 31 December 2023[79], Alcoa's non-AWAC assets had gearing (excluding lease liabilities) of 38.9%, leverage (including pension and other postretirement benefits liabilities) of 6.4 times and total liquidity (cash balance plus undrawn revolving credit facilities) of $2.1 billion (although on 24 January 2024, $201 million was drawn against the revolving credit facilities to fund working capital requirements and reductions in Alcoa's cash and cash equivalents and in March 2024, Alcoa closed a $750 million green bond offering). These debt metrics are substantially higher than Alcoa's consolidated debt metrics. While there is insufficient information available to calculate these ratios as at 31 March 2024, they would be expected to be higher given the increase in net debt is entirely attributable to Alcoa's non-AWAC assets.

6.5 Cash Flow

Alcoa's Historical Cash Flow

Alcoa's cash flow for CY19 to CY23 and for 1Q24 is summarised below:

ALCOA - CASH FLOW ($ MILLIONS, US GAAP)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL	1Q24 ACTUAL
EBITDA	**1,656**	**1,151**	**2,763**	**2,224**	**534**	**132**
Movement in working capital	119	27	(778)	(546)	179	(267)
Other adjustments[40]	(1,089)	(784)	(1,065)	(856)	(624)	(88)
Capital expenditure	(379)	(353)	(390)	(480)	(531)	(101)
Free cash flow	**307**	**41**	**530**	**342**	**(440)**	**(324)**
Contributions from non-controlling interest (Alumina)	51	24	21	214	188	61
Distributions to non-controlling interest (Alumina)	(472)	(207)	(215)	(379)	(30)	(6)
Free cash flow after non-controlling interest	**(114)**	**(142)**	**336**	**177**	**(282)**	**(269)**
Repurchase of common stock	-	-	(150)	(500)	-	-
Dividends paid on Alcoa common stock	-	-	(19)	(72)	(72)	(19)
Financial contributions for the divestiture of businesses	(12)	(38)	(17)	(33)	(52)	(7)
Proceeds from sale of assets, businesses and investments	23	198	966	15	4	1
Additions to investments	(112)	(12)	(11)	(32)	(70)	(17)
Other	(4)	(3)	21	1	(20)	(19)
Net cash generated/(used)	**(219)**	**3**	**1,126**	**(444)**	**(492)**	**(330)**

79 Relevant ratios as at 31 March 2024 are not able to be calculated as detailed quarterly financial information for AWAC is not available.

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ALCOA - CASH FLOW ($ MILLIONS, US GAAP) (CONT)

	CY19 ACTUAL	CY20 ACTUAL	CY21 ACTUAL	CY22 ACTUAL	CY23 ACTUAL	1Q24 ACTUAL
Net cash/(debt) – opening[80]	(686)	(917)	(932)	122	(333)	(820)
Adjustments[81]	(12)	(18)	(72)	(11)	5	5
Net cash/(debt) – closing[80]	(917)	(932)	122	(333)	(820)	(1,145)
KEY STATISTICS						
Capital expenditure as a % of EBITDA	23%	31%	14%	22%	99%	77%
Free cash flow as a % of EBITDA	19%	4%	19%	15%	(82)%	(245)%

Source: Alcoa and Grant Samuel analysis

Free cash flow has varied considerably over the past five years, reflecting similar trends to Alcoa's operating performance but also impacted by:

- movements in working capital, with Alcoa announcing a program to improve working capital by $75-100 million in CY20 through reduced inventories and optimized contract terms. The material increase in working capital in CY21 reflected an increase in receivables and inventories due to higher aluminium and alumina prices offset in part by an increase in accounts payable balances from higher raw materials and energy prices. CY22 was also impacted by an increase in inventories from higher raw material prices although inventories and receivables fell in CY23 as aluminium prices and raw materials prices were lower. The buildup in working capital in 1Q24 represented the largest use of cash and was responsible for the negative free cash flow in the quarter, but was due to a typical first quarter increase in accounts receivable and decrease in accounts payable. It is expected to reverse in subsequent quarters;
- deferred/discretionary contributions to certain United States defined benefit pension plans ($250 million in CY20[82] and $500 million in CY21); and
- increasing capital expenditure (of which approximately 80-90% is sustaining capital expenditure and 10-20% is for growth projects), other than in CY20, when Alcoa reduced non-critical capital expenditure by circa $112 million in response to the adverse impacts of the COVID-19 pandemic. While cash flow from operations has historically been sufficient to fund capital expenditure, this was not the case in CY23 as capital expenditure requirements continued to increase and earnings declined materially (and was also not the case in 1Q24 due to the buildup of working capital).

As a result of the above, Alcoa has very low free cash flow conversion at less than 20% of EBITDA and, after taking into account contributions from, and distributions to, Alumina, free cash flow has been negative other than in CY21 and CY22 (when EBITDA was significantly higher on the back of higher alumina and aluminium prices).

The sale of non-core assets over a 12-18 months period to generate $0.5-1.0 billion in cash was one component of the strategic review of assets commenced in late CY19. This target was exceeded, with proceeds from the sale of assets in CY20 and CY21 totalling almost $1.2 billion. Proceeds from asset sales were used to reduce debt (Alcoa was in a net cash position by the end of CY21) and return cash to stockholders through stock repurchase programs in CY21 ($150 million) and CY22 ($500 million). Alcoa also commenced paying dividends in 3Q21 (October 2021) for first time since its separation from Arconic.

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80 Net cash/(debt) for the purposes of the cash flow statement includes restricted cash.

81 Adjustments represents the effect of exchange rate changes on cash and cash equivalents and restricted cash and non-cash movements in debt.

82 The $250 million payment represented $197 million in deferred contributions (which were deferred until January 2021 under provisions put in place by the United States government in response to the COVID-19 pandemic) and a further $53 million discretionary payment.

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Non-AWAC Cash Flow[83]

Alcoa's non-AWAC cash flow for CY19 to CY23[72] is summarised below:

ALCOA'S NON-AWAC ASSETS - CASH FLOW ($ MILLIONS, US GAAP)

	CY19 PRO FORMA	CY20 PRO FORMA	CY21 PRO FORMA	CY22 PRO FORMA	CY23 PRO FORMA
EBITDA	**69**	**228**	**1,585**	**1,553**	**287**
Movement in working capital	(15)	76	(528)	(518)	108
Other adjustments[40]	(275)	(582)	(855)	(694)	(296)
Capital expenditure	(202)	(142)	(149)	(207)	(253)
Free cash flow	**(422)**	**(420)**	**52**	**134**	**(152)**
KEY STATISTICS					
Capital expenditure as a % of EBITDA	*292%*	*62%*	*9%*	*13%*	*87%*
Free cash flow as a % of EBITDA	*(611)%*	*(184)%*	*3%*	*9%*	*(52)%*

Source: Alcoa, AWAC and Grant Samuel analysis

The free cash flow of Alcoa's non-AWAC assets follows the trend in its NPLAT in that positive free cash flow has only been generated in CY21 and CY22 on the back of high realised aluminium prices. Movements in working capital largely mirror those of Alcoa (i.e. the large increases in working capital in CY221 and CY22 and the decline in working capital in CY23). Free cash flow is also after Alcoa's deferred/discretionary contributions to certain United States defined benefit pension plans ($250 million in CY20 and $500 million in CY21, see above).

Cash flow from operations has generally been insufficient to fund capital expenditure except in CY21 and CY22.

Over the past five years, Alcoa's non-AWAC capital expenditure has averaged circa $190 million. Capital expenditure was lower in CY20 (when the reduction in non-critical capital expenditure in response to the COVID-19 pandemic was across the aluminium segment rather than the alumina segment, which had an increase in capital expenditure) and CY21 (when the increasing capital requirements of the alumina segment were prioritised). Capital expenditure for the aluminium segment increased back to CY19 levels in CY22 and increased further in CY23.

6.6 Capital Structure and Ownership

Capital Structure

Alcoa has the following securities on issue:

- 179,561,504 ordinary shares of common stock;
- 2,240,228 time based restricted stock units;
- 659,135 performance based restricted stock units; and
- 144,636 incentive options.

Alcoa has a long term stock incentive plan for certain executive officers designed, among other things, to align the interests of executives with stockholders, support its strategic priorities and encourage executive retention. Long term incentives opportunities are received in two parts:

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83 Grant Samuel has calculated the cash flow of Alcoa's non-AWAC assets by subtracting AWAC's cash flow from Alcoa's consolidated cash flow. This approach ignores the impact of any intercompany balances on working capital but there is insufficient information available to allow for this impact (if any). Grant Samuel regards the resulting pro forma cash flow of Alcoa's non-AWAC assets as useful for the purposes of the analysis set out in this report.

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- performance based restricted stock units that reward executives based on the achievement of certain specified performance targets over three year period; and
- time based restricted stock units that generally vest on the third anniversary of the grant date (if granted before 2024), to retain certain executive officers through the challenges of a commodity driven business. From January 2024, time based restricted stock units vest incrementally (one third each year from the grant date).

Alcoa has not granted incentive options since CY20. The options currently on issue are fully vested and exercisable, have a weighted average remaining contractual life of 3.99 years[84] and exercise prices that range from $15.10 to $53.30 (with a weighted average exercise price of $26.73[84]).

Time based restricted stock units, performance based restricted stock units and incentive options do not carry any voting rights or rights to dividends.

Alcoa does not have a dividend reinvestment plan.

Ownership

The following entities beneficially own 5% or more of Alcoa's shares of common stock:

ALCOA – SUBSTANTIAL STOCKHOLDERS

STOCKHOLDER	DATE REPORTED	NUMBER OF SHARES OF COMMON STOCK	PERCENTAGE
Blackrock Inc.	23 January 2024	21,622,197	12.1%
The Vanguard Group Inc.	13 February 2024	17,959,035	10.06%

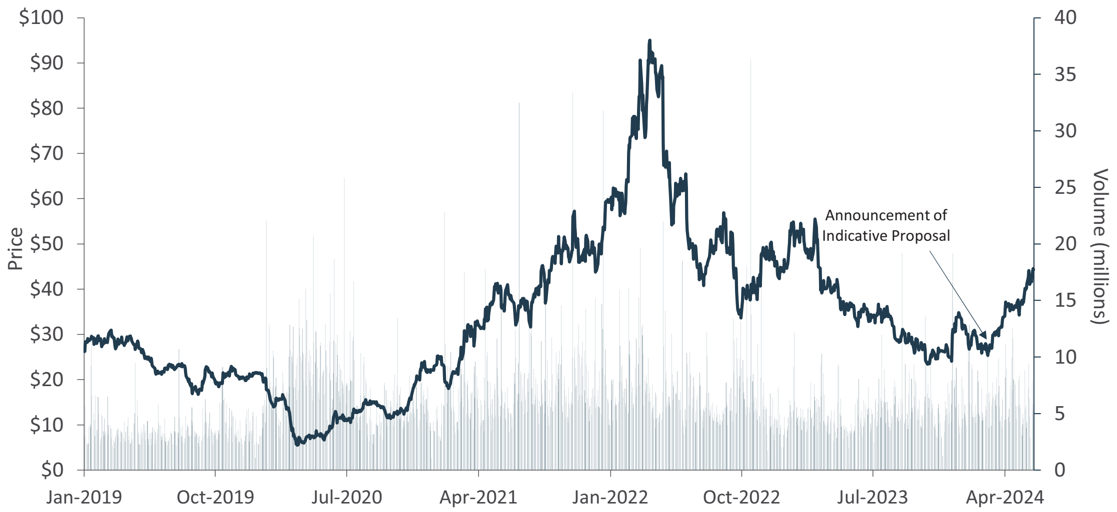
Source: Alcoa

6.7 Stock Price Performance

The following graph illustrates the movement in the Alcoa stock price and trading volumes since 1 January 2019:

ALCOA – STOCK PRICE AND TRADING VOLUME

1 JANUARY 2019 TO 31 MAY 2024



Source: IRESS

[84] As at 31 December 2023.

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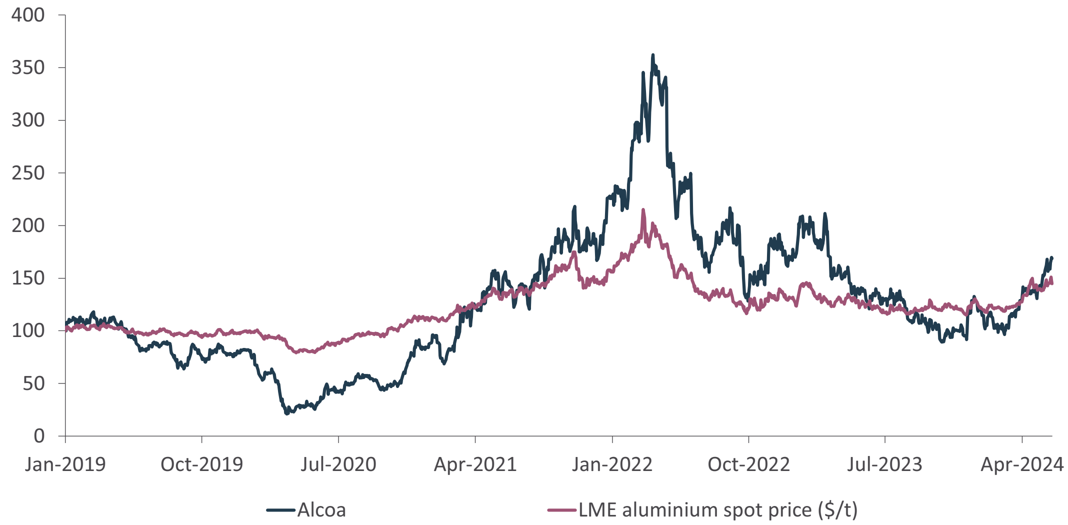
There had been a steep upward trend in the Alcoa stock price from March 2020 until March 2022, but this was followed by a steep decline (of more than 60%) through to September 2022. While Alcoa is a member of a number of market indices, including the S&P MidCap 400 Index and the S&P Dow Jones Sustainability Indices, movements in Alcoa's stock price largely reflect its leveraged exposure to the aluminium price, as illustrated in the chart below:

ALCOA VS LME ALUMINIUM SPOT PRICE

1 JANUARY 2019 TO 31 MAY 2024



Source: Bloomberg and Grant Samuel analysis

Deviations from the aluminium price over this period (up until announcement of the Indicative Proposal on 26 February 2024) have reflected:

- the initial reaction to the COVID-19 pandemic in mid-to-late March 2020, when Alcoa's stock price fell by over 60% from around $15 to low as $5.16 over a four week period (although the stock price had already been on a downward trend following the mid January 2020 announcement of a net loss of $1,125 million for CY19, primarily due to restructuring charges and may have also been impacted by the selldown by stockholder The Capital Group during 1Q20). In contrast, there was much less movement in the aluminium price, which generally traded in a range of $1,500-1,700/t, falling by around 10% over the same period. The recovery in Alcoa's share price was relatively slow, despite all of Alcoa's assets remaining operational, with the stock price not returning to pre-COVID-19 pandemic levels until August 2020;
- a period of strong outperformance relative to the increasing aluminium price from early 2021 to early 2022 as Alcoa released quarterly performance reports showing higher realised prices for aluminium (including higher location and product premiums that had almost been eliminated during the COVID-19 pandemic) and better margins. These positive announcements culminated in Alcoa's mid January 2022 announcement of CY21 results that included Alcoa's highest ever annual net income and EPS, as a result of continued strength in alumina and aluminium pricing and solid operational performance. Alcoa was also included in the S&P MidCap 400 Index from mid-December 2021; and
- a number of company specific announcements over the period from October 2022 to March 2023, including:
  - the announcement of relatively weak 3Q22 results in October 2022;
  - management changes, including the transition to a new CEO, announced in, and effective from September 2023;

- decisions from the Western Australian government that allowed AWAC to continue bauxite mining and alumina refining in December 2023;
- a reduction in production at the Portland smelter due to operational instability and closure of the Intalco smelter (while this smelter had been idle since 2020, the closure decision triggered the recognition of asset retirement and environmental remediation provisions) in March 2023; and
- ongoing issues at the San Ciprián complex (alumina refinery and aluminium smelter).

The Alcoa stock price closed at $26.52 on 23 February 2024, the last trading day prior to announcement of the Indicative Proposal. Following the announcement, Alcoa stock has traded strongly upwards, reaching a high of $45.48 on 30 May 2024, consistent with (albeit greater than) the increase in the aluminium price (which was trading at more than $2,600/t at the end of May 2024 compared to circa $2,150 at the time of announcement of the Indicative Proposal). The stock price closed at $44.27 on 31 May 2024.

Further discussion of Alcoa's stock price performance is set out in Section 7.3 of this report.

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7 Assessment of the Value of the Consideration

7.1 Summary

Under the Scheme, Alumina shareholders (other than ineligible foreign shareholders[5]) will receive 0.02854 shares of Alcoa common stock (in the form of CDIs listed on the ASX) for each Alumina share held.

Grant Samuel has attributed a value to the Scheme consideration of $0.94-1.06 per Alumina share based on a value range for Alcoa stock of $33.00-37.00 as follows:

ASSESSMENT OF THE VALUE OF THE SCHEME CONSIDERATION

COMPONENT	VALUE
Assessed value per Alcoa share of common stock	$33.00-37.00
Exchange ratio	0.02854
Assessed value of Scheme consideration	**$0.94-1.06**

The assessment of the value of the Scheme consideration takes into account the Alcoa stock price up to 30 April 2024. The impact of the increase in the stock price subsequent to 30 April 2024 is discussed in Section 9.3.4 of this report.

The value of the Scheme consideration will vary with movements in the Alcoa stock price. Accordingly, until the Scheme is implemented and the stock is issued, Alumina shareholders are exposed to events or other factors that impact the Alcoa stock price. In particular, they are exposed to movements in the aluminium price (and the related alumina price). While these prices are market based measures they can be volatile and are at elevated levels compared to prices over the past 12 months. The actual realisable value of the Scheme consideration could therefore ultimately exceed, or be less than, $0.94-1.06 per Alumina share. Depending on the circumstances, significant (and sustained) adverse movements in the Alcoa stock price could change the evaluation of the Scheme.

7.2 Approach

The Scheme involves a change of control of Alumina. For the purposes of takeover analysis, the relevant test for Alumina shareholders is the expected market value of the Alcoa stock received as consideration under the Scheme. This involves an estimation of the trading price for Alcoa after the Scheme is implemented (rather than a pre Scheme price). In other words, the relevant metric is the price at which stock in the Combined Group is expected to trade immediately following implementation of the Scheme. The theoretical market value of stock in a pre Scheme Alcoa is not relevant to an assessment of the value of the consideration.

It is normal practice to use the post announcement market price as the starting point for estimating the value of a scrip offer. An alternative method is to estimate the underlying value of the Combined Group and then to apply a discount to reflect a portfolio interest. However:

- access to the detailed financial and operational information (such as earnings and operational forecasts or asset plans) of both parties is required to undertake such a fundamental analysis of the value of the consideration; and
- while the portfolio discount could generally be expected to fall somewhere in the approximate range 15-25%, the precise amount of the discount to apply is highly uncertain.

Furthermore, the consensus view of a well traded market is likely to be a more reliable estimate than that of a single external observer. Market prices (particularly for entities such as Alcoa that enjoy high levels of market liquidity and are followed by a number of market analysts) usually incorporate the influence of all publicly available information on an entity's prospects, future earnings and risks.

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Grant Samuel has had regard to the market price of Alcoa following the announcement of the Indicative Proposal and addressed the following questions:

- is there any reason why the market price is not a true reflection of the fair market value of Alcoa stock? For example, there could be:
  - important information about the entity and its business/assets which would affect the share price but is not in the public domain;
  - mispricing by the market; and/or
  - abnormal trading activity in Alcoa stock; and
- will the proposed transaction, if implemented, have a material impact on Alcoa's financial metrics, growth prospects, risk profile or other factors that would be likely to result in a change in the share price?

In considering these questions, Grant Samuel has:

- analysed the recent trading in Alcoa stock;
- compared key value metrics for Alcoa to those of its peers;
- reviewed broker analyst research on Alcoa; and
- analysed the impact of the Scheme on Alcoa's key financial metrics.

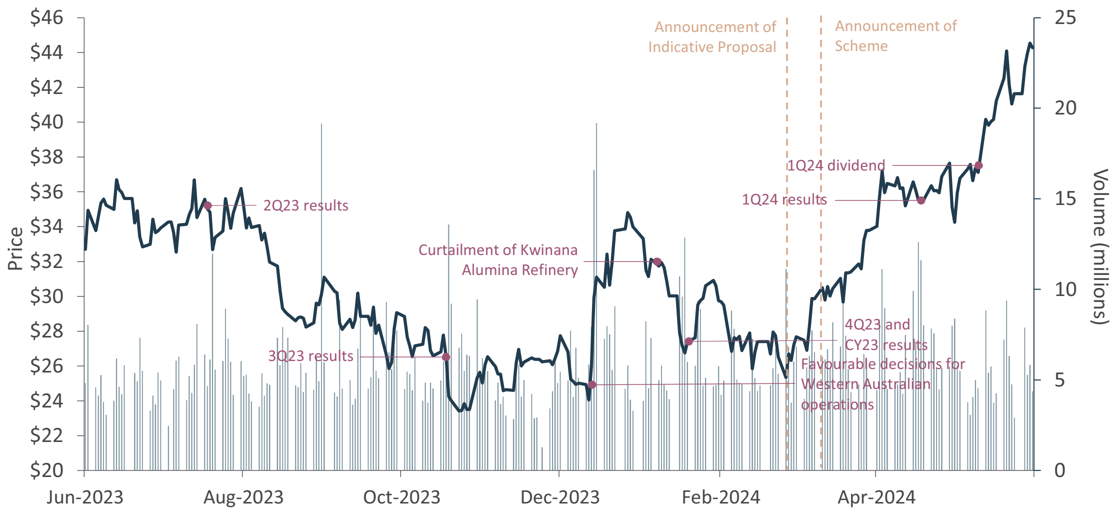
7.3 Analysis of Sharemarket Trading in Alcoa Stock

Stock Price Performance

Alcoa's stock price performance since January 2019 is discussed in Section 6.7 of this report. Stock price performance and trading volumes since 1 June 2023 are summarised in the chart below:

ALCOA – STOCK PRICE AND TRADING VOLUME

JUNE 2023 TO MAY 2024



Source: Bloomberg

Alcoa's stock price in the period before announcement of the Indicative Proposal is of limited relevance in assessing the likely trading price of stock in the Combined Group. However, it is useful to consider it briefly to provide background context to the assessment.

Over the period from 1 June 2023 to 23 February 2024 (being the last trading day prior to announcement of the Indicative Proposal), Alcoa stock traded in the range $23.07-37.74 and at a VWAP of $29.68, although over much of the period there was a consistent downward trend in the stock price.

The downward trend in the stock price (of circa 20% based on closing prices but almost 40% from peak to trough) was much more pronounced than the decline in the aluminium price over the same period (which fell by less than 10%), reflecting challenges for the business in relation to:

- ongoing operational/production issues at the Australian refineries and the San Ciprián complex;
- uncertainty regarding the extension of mining approvals in Western Australia;
- management changes, including the transition to a new CEO; and
- the reporting of declining quarterly EBITDA (other than in 4Q23) and quarterly net losses (before significant items).

The only significant uplifts in Alcoa's stock price occurred in:

- mid December 2023, following the announcement that AWAC would be allowed to continue bauxite mining and alumina refining in Western Australia; and
- mid January 2024, following the announcement of improved performance for 4Q23,

albeit both increases were temporary, with the stock price subsequently falling back to around pre announcement levels.

Trading in Alcoa stock between 24 January 2024 and 23 February 2024 (the month prior to announcement of the Indicative Proposal) continued on a downward trend (despite a relatively flat aluminium price and no material market sensitive company announcements) but was in a narrower range of $25.58-31.36 and at a VWAP of $28.17. The closing stock price on 23 February 2024 was $26.52.

Since announcement of the Indicative Proposal, Alcoa stock has traded considerably higher, reaching a peak of $38.20 on 29 April 2024 (an increase of 44% over the closing price prior to announcement of the Indicative Proposal). The stock price has subsequently continued to increase, reaching an even higher peak of $45.48 on 30 May 2024 (an increase of around 70% over the closing price prior to announcement of the Indicative Proposal).

Other than an announcement related to the Scheme (i.e. entry into the scheme implementation deed with Alumina on 11 March 2024, New York time), the key announcements made by Alcoa over this period have been in relation to its:

- inaugural $750 million green bond offering announced on 21 March 2024 (with investor appetite tested in early March 2024);
- 1Q24 financial results (announced on 17 April 2024) and quarterly cash dividend payment (announced on 9 May 2024); and
- confirmation (following press reports) that it was seeking offers for its loss making San Ciprián complex in Spain, with binding offers expected in June 2024. The San Ciprián complex lost $150 million in EBITDA in CY23, even with operations curtailed to 50% at the refinery and fully curtailed at the smelter.

It is likely that much of the increase in Alcoa's stock price over this period reflects a combination of:

- the increase in aluminium price. The aluminium price has increased by just over 20% over the period since 26 February 2024, in part due to new sanctions by the United States and the United Kingdom restricting the trading of new Russian supplies of metals (including aluminium) on global metal exchanges;

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- Alcoa's operating leverage (largely resulting from its cost curve position) which magnifies the impact of aluminium price movements; and
- a positive reaction to the announcement of the Indicative Proposal and the Scheme and the articulation by Alcoa of the strategic and financial benefits of its acquisition of Alumina (e.g. increased ownership of core tier 1 assets, enhanced vertical integration across the value chain, simplified corporate structure and governance, greater operational flexibility and strategic optionality and increased financial flexibility).

While it has trended upwards, the Alcoa stock price has been volatile since announcement of the Scheme, falling significantly at the start of May (reaching a low of $33.88 on 1 May 2024) before more than recovering the lost ground over the subsequent weeks. This volatility may in part be explained by the 1 May 2024 decision by the Federal Reserve to hold interest rates at current levels (i.e. delay interest rate cuts until there is greater confidence that inflation is moving sustainably towards the target rate of 2%), given the inverse relationship between interest rates and commodity prices (Century's share price has shown similar volatility). Alcoa stock closed at $35.14 on 30 April 2024 (although it increased to a close of $44.27 on 31 May 2024).

The important question is whether Alcoa's recent performance reflects the rational view of a well informed market or, alternatively, whether Alcoa is out of line with its peers or the market.

In addressing this issue Grant Samuel has considered the factors set out below.

Alcoa Stock Price Compared to its Peers and the Market

The following graph illustrates the performance of Alcoa stock since 1 June 2023 relative to the LME aluminium price:

ALCOA VS LME ALUMINIUM SPOT PRICE

JUNE 2023 TO MAY 2024

Source: Bloomberg

The graph above shows that the Alcoa stock price has largely tracked movements in the aluminium price since June 2023 other than:

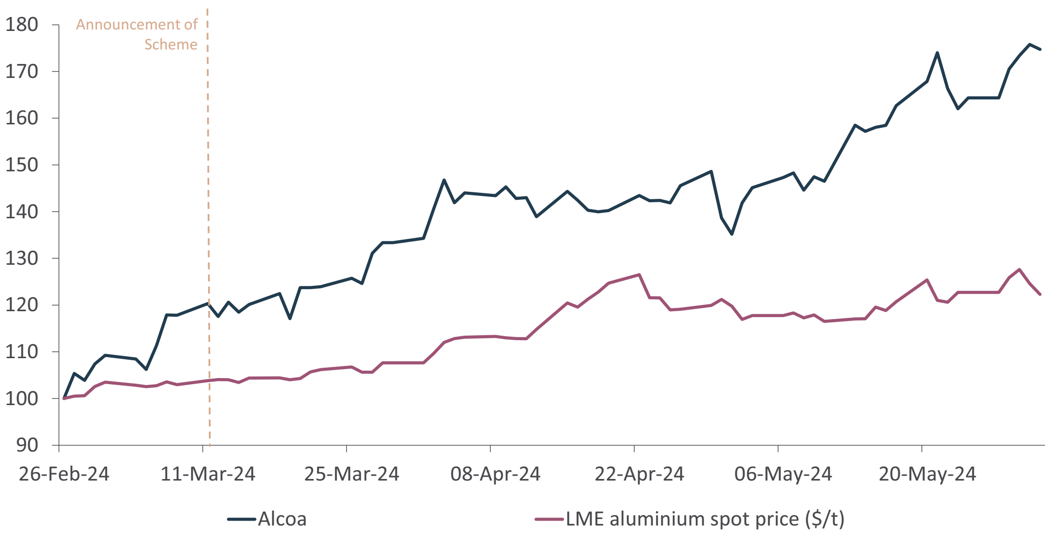
- the period from August to September 2023, when there were several reports about ongoing issues with mining approvals in Western Australia and an inability of Alcoa to estimate the impact of a potential WA EPA review, culminating in the replacement of its CEO in late September 2023;

- December 2023, when there was a temporary sharp increase in the Alcoa stock price following the announcement that AWAC would be allowed to continue bauxite mining and alumina refining in Western Australia (albeit the WA EPA review remains in progress); and
- post announcement of the Indicative Proposal (in late February 2024) and the Scheme (in mid March 2024).

The disparity between the Alcoa stock price and the LME aluminium price since announcement of the Indicative Proposal is illustrated in the chart below:

ALCOA VS LME ALUMINIUM PRICE

26 FEBRUARY 2024 TO 31 MAY 2024



Source: Bloomberg

This chart clearly shows the outperformance of Alcoa stock relative to the aluminium price following announcement of the Indicative Proposal (and even more so since announcement of the Scheme), which is in part explained by the market's positive response to the transaction (see discussion above).

The differential between the Alcoa stock price and the aluminium price closed in mid April 2024 following Alcoa's release of its 1Q24 results, with the Alcoa stock price falling while the aluminium price continued to rise. Both the aluminium price and the Alcoa stock price fell in late April 2024, with the volatility in Alcoa's share price in early May 2024 likely due to the 1 May 2024 Federal Reserve announcement that interest rates would remain on hold (in contrast, the aluminium price remained relatively flat over this period).

The following graph illustrates the performance of Alcoa stock since 1 June 2023 relative to its peers (as well as the LME aluminium price):

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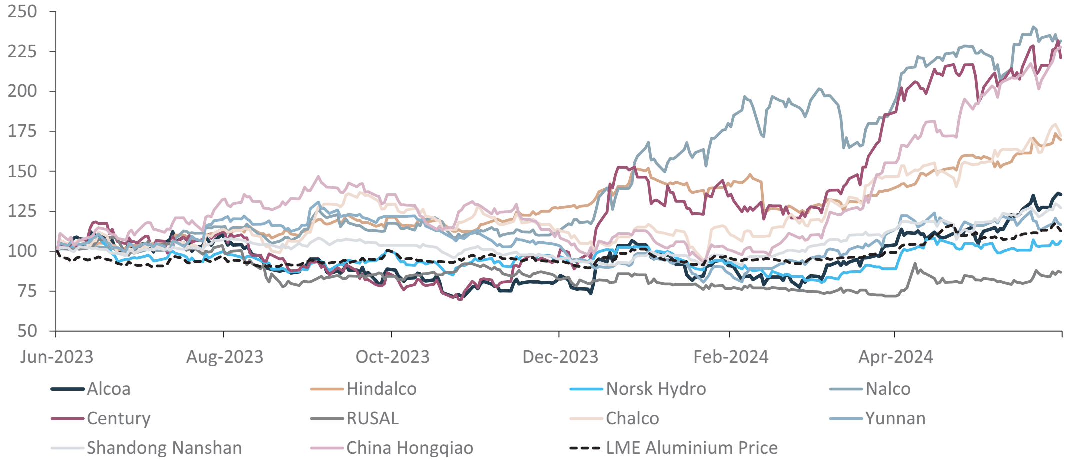
ALCOA VS SELECTED LISTED INTEGRATED ALUMINIUM PRODUCERS

JUNE 2023 TO MAY 2024



Source: Bloomberg and Grant Samuel analysis

This chart shows the positive correlation between the trading prices of Alcoa stock and the shares of many of its peers, in particular its closest peer, Norsk Hydro (see the discussion in Section 5.3.2). While a number of integrated aluminium producers have performed much better than Alcoa, this can be explained by company and/or region specific factors, including:

- Century's position as the largest domestic producer of aluminium in the United States and the significant benefits to it from tax credits that apply to the production of critical minerals and renewable energy under the Inflation Reduction Act for CY23 onwards. Century also announced in March 2024 plans for the construction of a major new smelter that would double the size of the United States aluminium industry;
- Nalco's share price reached a 52 week high in early April after it announced new records for production and sales for the year ended 31 March 2024. Nalco's significant outperformance over the past 12 months (its share price has increased by over 100%) reflects its leading position in the aluminium industry, strong performance and outlook, consistent growth and attractive dividend yield;
- Hindalco is one of Asia's largest primary aluminium producers and is the largest aluminium rolling and recycling company (i.e. downstream production) in the world through its subsidiary Novelis. It is also a major participant in the copper industry and its share price has benefited from a rising copper price. The significant fall in Hindalco's share price in February 2024 followed its announcement that capital expenditure on its key growth project, a greenfield expansion for Novelis in North America, had been revised upwards by 65% to $4.1 billion and project completion would be delayed by a year. Hindalco also reduced its returns guidance from the project to "double digit" from "mid teens"; and
- a number of the Chinese focussed aluminium producers (i.e. Chalco, China Hongqiao) have also performed better than Alcoa although limited weight should be placed on share trading in these companies given the different market conditions under which they operate.

The positive correlation between trading in Alcoa stock and the shares of its peers has continued since announcement of the Indicative Proposal on 26 February 2024, as illustrated in the chart below:

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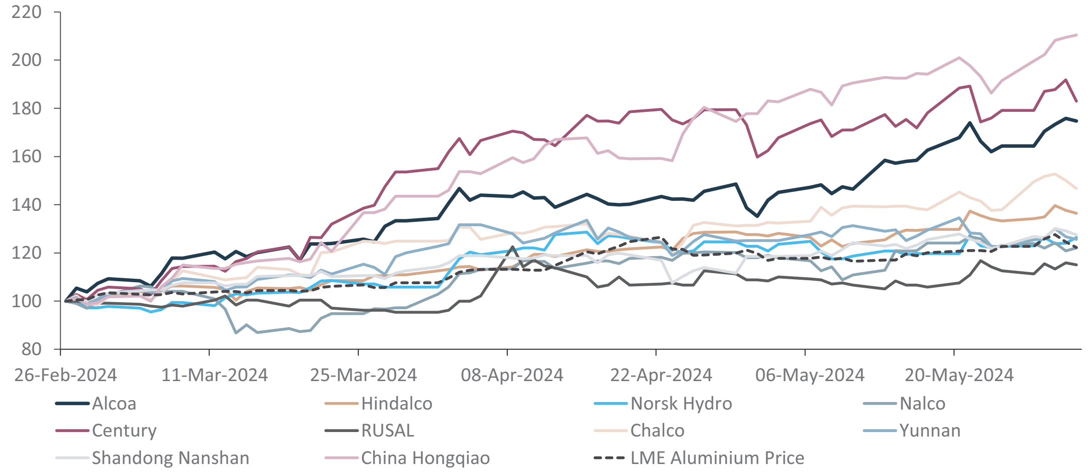
ALCOA VS SELECTED LISTED INTEGRATED ALUMINIUM PRODUCERS

26 FEBRUARY 2024 TO 31 MAY 2024



Source: Bloomberg and Grant Samuel analysis

While Alcoa stock has trended in the same direction at its peers, its stock has been stronger relative to most of its peers since announcement of the Indicative Proposal. The relative outperformance since 26 February 2024 can be explained by the reasons set out above in relation to the increase in Alcoa's stock price over the same period.

This analysis indicates there is nothing to suggest that trading in Alcoa stock has been materially out of line with its peers.

On this basis, it is reasonable to conclude that the recent Alcoa trading price reflects an expectation of the stock price for the Combined Group and that it incorporates:

- information provided to the market through the release of Alcoa's CY23 results on 17 January 2024 and its 1Q24 results on 17 April 2024; and
- the impact of the terms of the Scheme on Alcoa stock, including:
  - the proportion of Alcoa stock that will be held by Alumina shareholders (approximately 31.6%) and the additional debt that Alcoa will take on through its acquisition of Alumina (Alumina had net borrowings including lease liabilities of $295 million as at 31 December 2023);
  - the extent of the takeover premium to be paid to Alumina shareholders (and the value transfer from Alcoa stockholders to Alumina shareholders implicit in that premium); and
  - the quantum of the synergies expected to be realised (albeit these are relatively minor).

Alcoa Market Ratings Compared to its Peers

Alcoa's and the Combined Group's market ratings (in terms of forecast EBITDA multiples and gearing) relative to its integrated aluminium producer peers is illustrated below:

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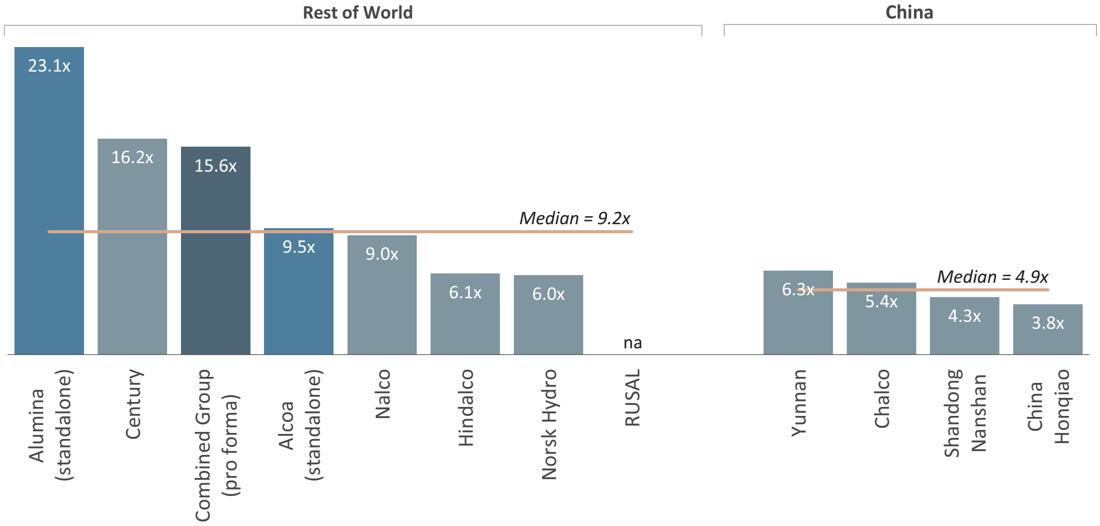
SELECTED LISTED INTEGRATED ALUMINIUM PRODUCERS

FORECAST EBITDA MULTIPLES[85,86]



Source: Grant Samuel analysis

Note: 1. Rest of World median excludes pro forma Combined Group.

2. Alcoa (standalone) and Alumina (standalone) EBITDA multiples have been calculated on a look through basis (i.e. including each company's share of AWAC's earnings and net borrowings) and are based on forecast CY24 EBITDA disclosed in Alcoa's Proxy Statement.

The forecast EBITDA multiple for Alumina (standalone) is considerably higher than the trading multiples of its peers. It has been calculated based on the forecast CY24 EBITDA disclosed in Alcoa's Proxy Statement (of $91 million) which, in turn has been based on an alumina price of $350/t. The alumina price has been around $370/t since early January 2024, and has further increased to circa $400/t in April 2024. On the basis of average an alumina price for CY24 (up to the end of April 2024) of, say, $370/t, Alumina's forecast EBITDA multiple falls to 12.9 times, which is more consistent with the forecast EBITDA multiples of its peers. The forecast EBITDA multiples of Alcoa and the Combined Group are also impacted, but to a lesser degree, falling to 8.0 times and 12.3 times respectively (and the median forecast EBITDA multiple falls to 8.5 times):

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85 Based on sharemarket prices as at 30 April 2024 except for Alumina (standalone) and Alcoa (standalone) which are as at 23 February 2024 (the last trading day prior to announcement of the Indicative Proposal).

86 All of the listed entities have a 31 December year end except Hindalco and Nalco which both have a 31 March year end. Forecast EBITDA multiples for all of the listed entities other than Hindalco and Nalco are for CY24. Forecast EBITDA multiples for Hindalco and Nalco are for the year ending 31 March 2025.

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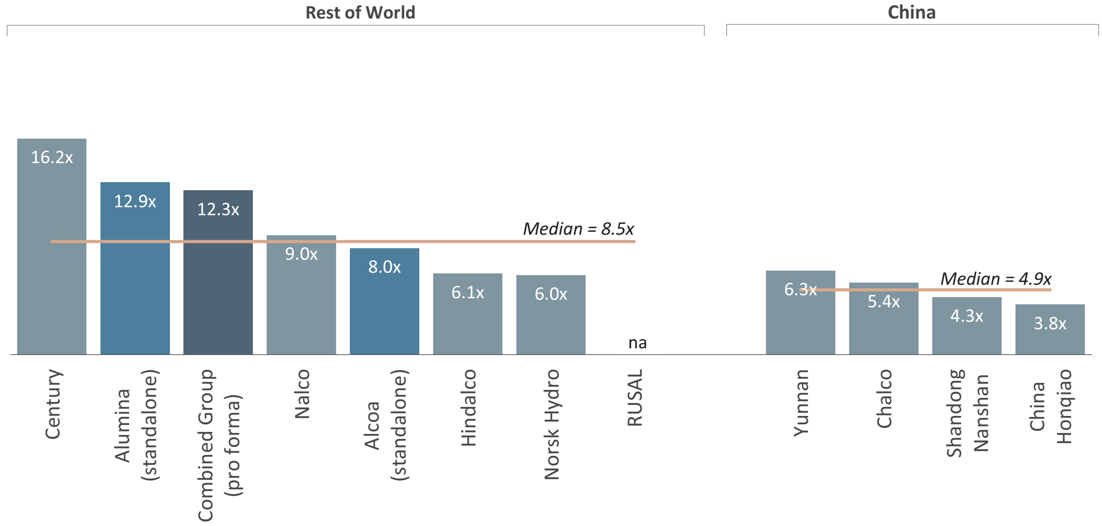
SELECTED LISTED INTEGRATED ALUMINIUM PRODUCERS

ADJUSTED FORECAST EBITDA MULTIPLES[85,86,87]



Source: Grant Samuel analysis

Note: 1. Rest of World median excludes pro forma Combined Group.

2. Alcoa (standalone) and Alumina (standalone) EBITDA multiples have been calculated on a look through basis (i.e. including each company's share of AWAC's earnings and net borrowings) and are based on forecast CY24 EBITDA disclosed in Alcoa's Proxy Statement adjusted for an alumina price of $370/t (increased from $350/t).

While the analysis is incomplete as:

- a higher alumina price would likely be associated with a higher aluminium price but the net impact on non-AWAC earnings cannot be determined in the absence of detailed modelling. Alumina input costs for non-AWAC would increase as would a number of other inputs which are LME-linked; and
- the same adjustment to alumina prices (and by extension, aluminium prices) should apply to all of the listed peers,

it is still useful to the extent it illustrates the relativity of the implied multiples of Alumina, Alcoa and the Combined Group compared to the peers.

The industry gearing ratios are depicted in the following graph:

87 The adjusted forecast EBITDA multiples show forecast EBITDA multiples for Alumina (standalone), Alcoa (standalone) and the Combined Group assuming an alumina price of $370/t (increased from $350/t).

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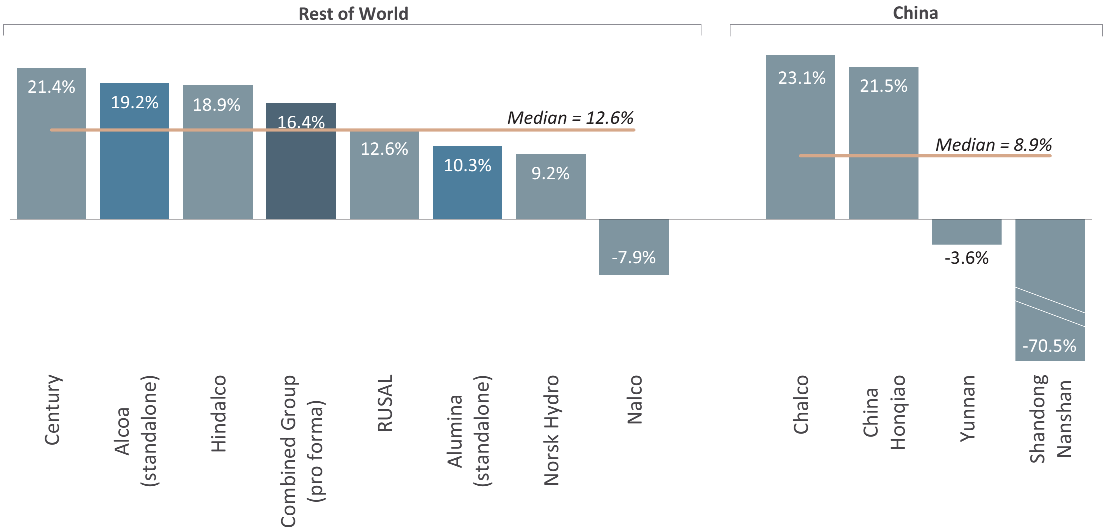
SELECTED LISTED INTEGRATED ALUMINIUM PRODUCERS

GEARNG (NET BORROWINGS/ENTERPRISE VALUE) [85,88]



Source: Grant Samuel analysis

Note: 1. Rest of World median excludes pro forma Combined Group.

2. Alcoa (standalone) and Alumina (standalone) gearing has been calculated on a look through basis (i.e. including each company's share of AWAC's net borrowings).

Each of the listed peers is a major integrated aluminium producer, generally with similar characteristics in terms of scale, vertical integration and global diversification and the same key driver of value (i.e. the aluminium price). However, there are still differences among the peers in terms of the:

- location of key assets and end markets (including exposure to different regional premia as well as product premia);
- diversification of activities, particularly downstream production activities and exposure to other metals; and
- market dynamics (especially the Chinese companies that largely operated in a separate and regulated (i.e. capped production) market).

This analysis shows that:

- adjusted forecast EBITDA multiples are in a wide range but the evidence supports multiples of greater than 6 and up to 13 times (excluding Century, which is regarded as an outlier, see the discussion above). The Combined Group's pro forma forecast EBITDA multiple is within this range (at 12.3 times adjusted forecast CY24 EBITDA after synergies), albeit at the high end due to the substantial increase in Alcoa's stock price following announcement of the Indicative Proposal (the Alcoa stock price increased by more than 30% from $26.52 on 23 February 2024 to $35.14 on 30 April 2024); and
- all of the integrated aluminium producers have relatively low gearing ratios. Based on the market value of equity (and excluding the Chinese peers), gearing ratios are generally circa 20% or lower, with one peer in a net cash position. The Combined Group's pro forma gearing ratio of 16.4% is within this range. It is lower than Alcoa's standalone gearing ratio despite taking on Alumina's net borrowings due to Alumina's relatively lower level of market value based gearing as well as the substantial increase in Alcoa's stock price since announcement of the Indicative Proposal (see above for details). Further, it should be noted that Alcoa and the Combined Group (and potentially some of the other listed peers)

88 Gearing is based on the latest publicly available net borrowings for each listed entity at the date the market capitalisation is calculated. For most of the listed entities net borrowings is as at 31 March 2024. Gearing for Alcoa (standalone) and Alumina (standalone) is based on proportionate net debt as at 31 December 2023 (i.e. including each company's relevant interest in AWAC's cash).

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have substantial other non trading liabilities (e.g. pension and other postretirement benefit liabilities, environmental remediation liabilities) that are not included in these ratios.

Based on the above analysis, there is no evidence to suggest that Alcoa is trading (even since announcement of the Indicative Proposal) materially out of line with its peer group.

Analyst Target Prices

The target price is generally an estimate by analysts of the trading price of shares in up to 12 months' time. At Alcoa's closing price on 30 April 2024 of $35.14, Alcoa was trading slightly below the median analyst estimate of its target price of $35.75:

ALCOA – LATEST ANALYST TARGET PRICES AND RECOMMENDATIONS[89]

ANALYST	DATE OF REPORT	CLOSING SHARE PRICE[90]	TARGET PRICE	STOCK RECOMMENDATION	CLOSING SHARE PRICE PREMIUM/(DISCOUNT) TO TARGET PRICE
Broker 1	28 April 2024	$36.88	$34.00	Underperform	+8%
Broker 2	23 April 2024	$36.35	-	Underweight	nc
Broker 3	23 April 2024	$36.35	$31.00	Neutral	+17%
Broker 4	22 April 2024	$35.53	$36.00	Equal weight	-3%
Broker 5	22 April 2024	$35.53	$35.75	Hold	-1%
Broker 6	19 April 2024	-	-	Hold	nc
Broker 7	18 April 2024	-	-	Hold	nc
Broker 8	18 April 2024	$35.55	$32.00	Buy	+11%
Broker 9	18 April 2024	$35.55	$45.00	Buy	-21%
Broker 10	18 April 2024	$35.55	$40.00	Neutral	-11%
Broket 11	18 April 2024	$35.55	$32.00	Sell	+11%
Broker 12	17 April 2024	$36.09	$37.00	Market perform	-2%
Broker 13	17 April 2024	$36.09	$48.00	Buy	-25%
Broker 14	17 April 2024	$36.09	$25.00	Underperform	+44%
Low		*$35.53*	*$25.00*		*-25%*
High		*$36.88*	*$48.00*		*+44%*
Median		***$35.82***	***$35.75***		***-1%***
Average		***$35.93***	***$36.02***		***+3%***

Source: Bloomberg and Grant Samuel analysis

The broker target prices and recommendations are, in some respects, a "mixed bag":

- the target prices are in a very wide range of $25.00-48.00 although almost all of the target prices are in excess of $30 (and almost half are in excess of $35); and
- half of the analysts are neutral on Alcoa, with seven out of 14 analysts having a "neutral", "equal weight", "hold" or "market perform" recommendation on Alcoa stock. Three analysts (21%) have a positive view on Alcoa stock (with a "buy" recommendation) and four analysts (29%) have a negative recommendation on Alcoa stock.

It is not possible to draw any definitive conclusions from the target price data as it reflects different views on, in particular, the aluminium price and the ability of Alcoa to manage the issues and uncertainties in AWAC's Western Australian operations and the San Ciprián complex.

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89 Grant Samuel has excluded from its analysis four brokers that have not published reports subsequent to the announcement of Alcoa's 1Q24 results on 17 April 2024 (including two brokers that are restricted).

90 Alcoa's closing share price is for the day prior to the release of the analyst recommendation.

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However, it is worth noting that brokers are taking a longer term view (i.e. up to 12 months) on Alcoa's share price which is less relevant to an assessment of the realisable value of the consideration at the time that the Scheme is implemented).

Liquidity

Alcoa is a highly liquid stock with high trading volumes. Although it is not included in the S&P 500 Index, it is a member of a number of stockmarket indices including the S&P MidCap 400 Index and the S&P Dow Jones Sustainability Indices.

Average weekly volume over the twelve months prior to announcement of the Indicative Proposal represented approximately 15% of average stock on issue or annual turnover of around 780% of total average issued capital. Average weekly volume for Alcoa stock over various periods prior to and following announcement of the Indicative Proposal on 26 February 2024 are summarised below:

ALCOA – STOCK TRADING

PERIOD	AVERAGE WEEKLY VOLUME ('000 SHARES OF COMMON STOCK)	EQUIVALENT ANNUAL TURNOVER
24 February 2023 to 23 February 2024 (year prior to announcement of Indicative Proposal)	26,773	780%
24 August 2023 to 23 February 2024 (six months prior to announcement of Indicative Proposal)	29,052	847%
24 November 2023 to 23 February 2024 (three months prior to announcement of Indicative Proposal)	29,809	869%
24 January 2024 to 23 February 2024 (month prior to announcement of Indicative Proposal)	28,582	833%
26 February 2023 to 30 April 2024 (post announcement of Indicative Proposal)	34,028	992%
12 March 2024 to 30 April 2024 (post announcement of Scheme)	34,285	999%

Source: Bloomberg and Grant Samuel analysis

Since announcement of the Indicative Proposal (up to 30 April 2024), average weekly volumes in Alcoa stock have been circa 15-30% higher than trading during the periods up to 12 months prior to announcement of the Indicative Proposal, although this includes the period immediately following announcement or Alcoa's 1Q24 results which resulted in significantly higher trading volumes.

Despite these differences in trading volumes, they are not sufficiently material to indicate that there is anything in the analysis that indicates any abnormal trading in Alcoa stock.

Non Public Information

Similar to the disclosure requirements for ASX-listed companies, as a NYSE-listed company, Alcoa has disclosure and reporting obligations to both the NYSE and the SEC. Generally, a listed company is required to keep the market informed of events and developments in a timely manner as they occur. Once Alcoa becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities or influence investment decisions, it must inform the market of that information. The NYSE also seeks to ensure that listed companies provide timely and regular financial information.

Alcoa announced its financial results for CY23 (which incorporated CY24 and certain longer term guidance) on 17 January 2024 and for 1Q24 (which largely confirmed CY24 guidance) on 17 April 2024. Alcoa announced, in conjunction with its 1Q24 financial results, the proposed sale process for the San Ciprián complex.

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Alcoa also disclosed to the market confirmation of the Indicative Proposal on 25 February 2024 and entry into the Scheme on 11 March 2024 (both New York time).

Consequently, there is no reason to consider that any information relating to Alcoa's existing business that would have a material impact on its stock price has not been publicly disclosed.

7.4 Impact of the Scheme

Overview of Implications

The Scheme has no impact on Alcoa's business profile. From a financial perspective, it already has control over AWAC and consolidates AWAC (on a 100% basis) in its financial statements. It is simply acquiring the 40% minority interest in AWAC (and assuming Alumina's net debt) in exchange for equity in Alcoa (i.e. converting a "non-controlling interest" or "outside equity interest" into equity in Alcoa.

Nevertheless, the acquisition has a number of benefits for Alcoa in that it:

- expands Alcoa's ownership of core, tier 1 bauxite and alumina assets and strengthens its vertically integrated positioning among its publicly listed peers;
- simplifies Alcoa's corporate structure and governance, resulting in greater operational flexibility and strategic optionality;
- increases Alcoa's financial flexibility (including through access to 100% of AWAC's cash flows) enabling more efficient funding and capital allocation decisions to drive stockholder returns; and
- provides a better platform for growth.

At the same time, these benefits are neither quantifiable nor testable.

Financial Implications

The pro forma financial implications for Alcoa of the acquisition of Alumina (including underlying assumptions) are set out in Section 7.7 of the Scheme Booklet and are summarised below:

PRO FORMA IMPACT OF SCHEME ON ALCOA'S FINANCIAL PARAMETERS

	ALCOA ACTUAL	COMBINED GROUP PRO FORMA (PRE SYNERGIES)	COMBINED GROUP PRO FORMA (POST SYNERGIES)
Shares on issue (period end) (millions)	*179.6*	*262.5*	*262.5*
Weighted average shares (millions) (31 December 2023/31March 2024)	*178.5/179.3*	*261.4/262.2*	*261.4/262.2*
Financial performance for CY23 ($ millions)			
Revenue	10,551	10,552	10,552
EBITDA	536	525	537
NPLAT attributable to Alcoa stockholders[91]	(405)	(516)	(508)
EBITDA margin	*5%*	*5%*	*5%*
Basic EPS	*$(2.27)*	*$(1.97)*	*$(1.94)*
DPS	*$0.40*	*$0.40*	*$0.40*
Interest cover	*nmc*	*nmc*	*Nmc*
Financial performance for 1Q24 ($ millions)			
Revenue	2,599	2,599	2,599
EBITDA	132	126	132
NPLAT attributable to Alcoa stockholders[91]	(145)	(155)	(151)

91 The Combined Group pro forma (post synergies) NPLAT attributable to Alcoa stockholders assumes that the $12.5 million of synergies attract a pro forma Combined Group effective income tax rate of 30% in CY23 and 1Q24.

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PRO FORMA IMPACT OF SCHEME ON ALCOA'S FINANCIAL PARAMETERS (CONT)

	ALCOA ACTUAL	COMBINED GROUP PRO FORMA (PRE SYNERGIES)	COMBINED GROUP PRO FORMA (POST SYNERGIES)
Financial performance for 1Q24 ($ millions) (cont)			
EBITDA margin	*5%*	*5%*	*5%*
Basic EPS	*$(0.81)*	*$(0.59)*	*$(0.58)*
DPS	*$0.10*	*$0.10*	*$0.10*
Interest cover	*nmc*	*Nmc*	*nmc*
Financial position at 31 March 2024 ($ millions)			
Total assets	14,328	14,269	
Total liabilities	(8,794)	(9,162)	
Net assets	5,531	5,107	
Non-controlling interests	(1,540)	-	
Net assets attributable to Alcoa stockholders	**3,994**	**5,107**	
Net borrowings (including lease liabilities)	(1,377)	(1,804)	
NTA	5,352	4,925	
NTA per share	*$21.23*	*$18.76*	
Leverage (including lease liabilities and pension and other postretirement benefits)	*4.7x*	*5.9x*	*5.7x*
Gearing (including lease assets and lease liabilities)	*19.9%*	*26.1%*	

Source: Scheme Booklet and Grant Samuel analysis

The pro forma analysis indicates that the Scheme has the following impacts on Alcoa:

- it will not have a significant impact on Alcoa's consolidated financial statements. AWAC is already consolidated in Alcoa's financial statements. If the Scheme is implemented, the non-controlling interest relating to Alumina's 40% interest in AWAC will be removed from Alcoa's consolidated financial statements and be replaced by additional equity in Alcoa and Alumina's net debt (of $361 million including lease liabilities);
- the direct financial benefits (in the form of synergies) are expected to be limited as Alcoa expects to only be able to eliminate an amount equal to Alumina's corporate overheads of around $12.5 million (circa 2% of the Combined Group's pro forma CY23 EBITDA). Accordingly, the Combined Group's pro forma financial performance is largely unchanged on a pre synergy or post synergy basis;
- it is accretive to pro forma CY23 EPS, in the order of 13-14%. The accretion is more pronounced in 1Q24 at 27-29%;
- pro forma gearing as at 31 March 2024 (based on the book value of equity) increases from 19.9% to 26.1% and pro forma CY23 leverage also increases from 4.7 times to 5.7-5.9 times; and
- pro forma NTA per share as at 31 March 2024 decreases from $21.23 to $18.76 as a result of the additional debt of the Combined Group.

Alcoa has stated that it currently intends to continue to pay a dividend on a quarterly basis (subject to authorisation by the Alcoa Board). Alcoa has a track record of consistently paying a quarterly dividend of $0.10 per share of common stock since 3Q21.

Impact on the Alcoa Stock Price

The pro forma financial information has effectively been available in the public domain since Alcoa and Alumina announced their CY23 results (on 17 January 2024 and 27 February 2024 respectively) and since Alcoa announced its 1Q24 results on 17 April 2024. In any event, the pro forma impacts of the Scheme (which are minor) are readily calculable based on the publicly available information (i.e. it is a relatively straight

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forward exercise for analysts to undertake). Accordingly, the Alcoa stock price should already reflect the impact of the Scheme.

7.5 Conclusion

Grant Samuel's judgement is that an Alcoa stock price of $33.00-37.00 is a reasonable estimate of the stock price if the Scheme is implemented. This range takes into account the recent performance of Alcoa stock and the financial impact of the acquisition of Alumina. In particular:

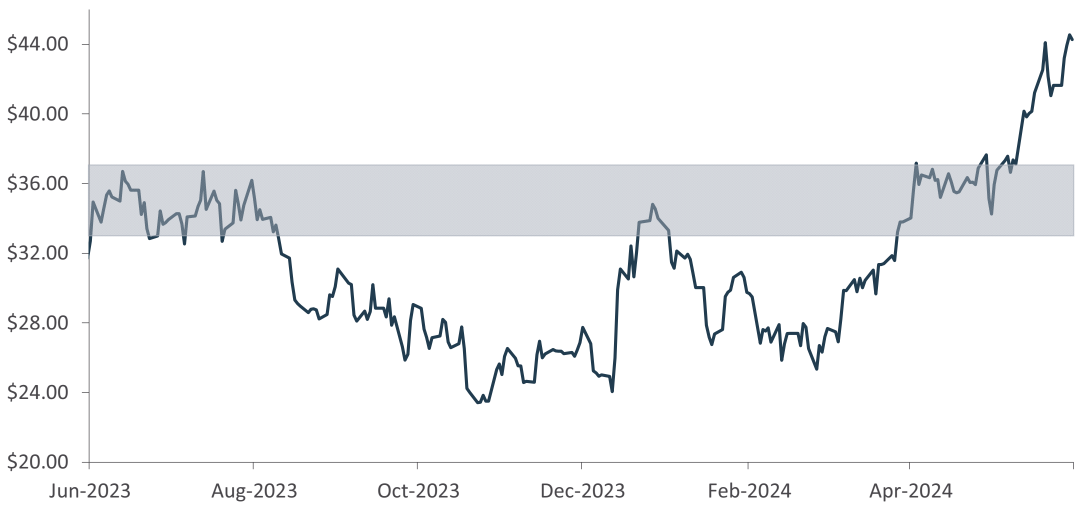
- it reflects the range of trading prices since the announcement of the Indicative Proposal on 26 February 2024 ($24.86-45.48, at a VWAP of $34.92) and announcement of the Scheme on 12 March 2024 ($28.72-45.48, at a VWAP of $36.35);
- while there has been a sustained increase in Alcoa's stock price since announcement of the Indicative Proposal and the Scheme, there is no specific evidence to suggest that recent Alcoa stock prices do not reflect the rational view of a well informed market or that Alcoa is trading materially out of line with its peers or the market. In this regard:
  - some market parameters (i.e. adjusted forecast EBITDA multiples) are at the high end of the range relative to peers; and
  - average weekly trading volumes in Alcoa stock have been circa 15-30% higher than trading during the periods up to 12 months prior to announcement of the Indicative Proposal.

  These factors indicate that there may be some risk of downward pressure on Alcoa's stock price and this is reflected in Grant Samuel's assessment of the value of Alcoa stock; and
- given the nature of Alumina and Alcoa (and their common investment in AWAC), sufficient information has been disclosed to enable analysis of the impact of the acquisition of Alumina on Alcoa (in particular, the increase in the Combined Group's gearing and leverage). As the market has had sufficient opportunity to absorb that information, the impact of the acquisition of Alumina should be reflected in Alcoa's stock price even though uncertainty remains as to whether Alcoa will succeed in acquiring Alumina.

The assessed value of Alcoa stock relative to recent Alcoa stock prices is show below:

ASSESSED VALUE OF ALCOA STOCK VS HISTORICAL ALCOA STOCK PRICE

1 JUNE 2023 TO 31 MAY 2024



Source: Bloomberg

On this basis, the assessed value of the Scheme consideration is $0.94-1.06.

The value range assumes continuation of recent market conditions, including recent LME aluminium and alumina prices. The assessed value range for Alcoa stock is well below the current Alcoa closing stock price of $44.27 on 31 May 2024. The impact of more recent increases in the Alcoa stock price on the fairness of the Scheme is discussed in Section 9.3.4 of this report.

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8 Alternative Assessment Frameworks

8.1 Background

An alternative framework for assessing the value implications for Alumina shareholders is to analyse the evidence from sharemarket prices. In this context:

- Alumina shareholders, even collectively, only have a minority interest (40%) in AWAC and, under the Scheme, are swapping their interest in Alumina for a minority interest in Alcoa. In this respect, a "merger" analysis based on sharemarket prices (i.e. minority interest basis) may have some merit as it reflects the reality of the situation for shareholders. More pertinently, as they are retaining approximately 80% of their exposure to AWAC, they are, in large part, really just swapping the vehicle through which they hold their investment (for a better one);
- the sharemarket provides an unbiased view of value that represents the consensus of thousands of market participants. A relevant question, however, is whether Alumina and Alcoa share prices in the period before announcement of the Indicative Proposal appropriately reflected the fair market value of each company. In this regard:
    - they are both subject to continuous disclosure regimes. A number of material announcements were disclosed prior to entry into the exclusivity deed on 26 February 2024, including the:
        - update on the San Ciprián refinery (announced on 12 December 2023);
        - update on the Western Australia mining permits (announced on 14 December 2023);
        - curtailment of the Kwinana refinery (announced on 9 January 2024); and
        - 4Q24 earnings release by Alcoa (announced on 17 January 2024, New York time).

      Consequently, there is no reason to consider that any information relating to Alumina or Alcoa's existing business operations that would have a material impact on their share prices had not been publicly disclosed;
    - there is a relatively deep and liquid market in their shares (both companies have annualised turnover of over 100%); and
    - there is a substantial following by analysts (six active brokers for Alumina and 14 active brokers for Alcoa[89]).

  An assumption that the share prices are appropriate reflections of fair market value is therefore reasonable. It could be argued that Alumina's and Alcoa's assets are inherently difficult for the market to value (e.g. uncertainties regarding mining lease approvals, potential curtailments and closures, restructuring costs, commodity price volatility). On the other hand, a subjective valuation such as that prepared by Grant Samuel is not necessarily better equipped to deal with these issues. Overall, Grant Samuel believes that it is reasonable to conclude that the Alumina and Alcoa share prices prior to announcement of the Indicative Proposal are sufficiently reliable to be a useful tool for assessing value; and
- a sharemarket based assessment of value facilitates an analysis of the price that Alumina shareholders are effectively paying for their 31.6% interest in Alcoa's non-AWAC assets.

8.2 Relative Sharemarket Value Contribution

Alumina's contribution to the aggregate sharemarket value of the two companies (based on daily closing prices) compared to the share of the Combined Group received by Alumina shareholders (i.e. 31.6%) over Indicative Proposal) is shown in the following chart:

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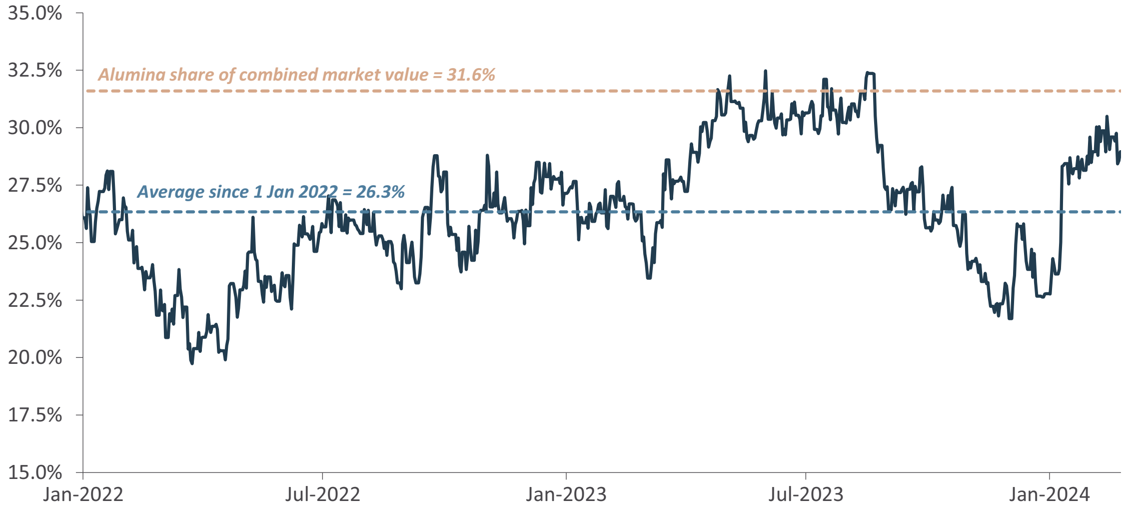
COMBINED GROUP SHAREMARKET VALUE – ALUMINA CONTRIBUTION VS SHARE RECEIVED
1 JANUARY 2022 TO 23 FEBRUARY 2024



Source: IRESS and Grant Samuel analysis

The following table shows the relative contributions based on VWAPs across different periods prior to announcement of the Indicative Proposal compared to the share received under the Scheme by the shareholders of each company:

COMBINED GROUP SHAREMARKET VALUE – CONTRIBUTION VS SHARE RECEIVED (BASED ON VWAP)

		23 FEBRUARY 2024		PERIOD TO 23 FEBRUARY 2024 (VWAP)				
		CLOSING PRICE	VWAP	ONE WEEK	ONE MONTH	THREE MONTHS	SIX MONTHS	12 MONTHS
Share of combined sharemarket value contributed								
Alumina								
Price (A$)		1.02	1.02	1.04	1.09	0.96	0.93	1.11
Market capitalisation (A$ millions)		2,960	2,952	3,019	3,173	2,776	2,688	3,208
A$/US$ exchange rate		0.66	0.66	0.65	0.65	0.66	0.65	0.66
Market capitalisation ($ millions)	**A**	1,941	1,936	1,977	2,075	1,840	1,752	2,115
Alcoa								
Price ($)		26.52	26.80	27.23	28.17	28.96	28.06	32.22
Market capitalisation ($ millions)	**B**	4,783	4,833	4,912	5,081	5,224	5,061	5,811
Calculated metrics								
Combined Group sharemarket value ($ millions)	C=A+B	6,724	6,769	6,889	7,156	7,064	6,813	7,925
Alumina % contribution	**A/C**	**28.9%**	**28.6%**	**28.7%**	**29.0%**	**26.1%**	**25.7%**	**26.7%**
Alcoa % contribution	B/C	71.1%	71.4%	71.3%	71.0%	73.9%	74.3%	73.3%
Share of Combined Group sharemarket value received								
Alumina % received		**31.6%**						
Alcoa % received		68.4%						

Source: IRESS, Bloomberg and Grant Samuel analysis

The analysis demonstrates that, based on sharemarket prices over an extended period prior to announcement of the Indicative Proposal, Alumina shareholders are consistently contributing a considerably lower share of the combined sharemarket value (25.7-29.0% based on VWAPs over different periods) than the share they are receiving (31.6%) in the Combined Group.

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Analysis of relative contributions of value based on sharemarket prices needs to be treated with some caution. Sharemarket views on value can shift significantly over short periods of time. The sharemarket prices of both Alumina and Alcoa have exhibited some volatility over the 12 months prior to announcement of the Indicative Proposal. Both companies have been impacted by a number of specific events including results announcements and uncertainties relating to mining lease approvals for the Huntly and Willowdale bauxite mines. Despite these specific events, the relationship has remained relatively stable over a sustained period which supports a clear premium (albeit a slightly smaller premium based on the most recent trading in the month prior to announcement of the Indicative Proposal). In any event, the analysis (which is based on contemporaneous prices) avoids the problem of any potential mismatch in the commodity price environments.

Assessing relative contributions post announcement of the Indicative Proposal is problematic. More than 13 weeks have elapsed since announcement of the Indicative Proposal (and approximately 11 weeks since both parties entered into the scheme implementation deed). It is not possible to reliably assess where the relative contributions of the two companies would now be if the Scheme had not been agreed as their share prices have been more closely correlated, reflecting the likelihood of the Scheme being implemented on the terms proposed.

The relative contribution analysis clearly demonstrates that the Scheme offers Alumina shareholders a premium for their shares. In a broader sense, the Scheme enables Alumina shareholders to retain their direct exposure to the sector by “rolling up” their investment into a larger, more diversified company (with a better platform), while capturing a meaningful premium (through the uplift in their share of the Combined Group) in the process. On this basis, it could be argued that the Scheme provides an exchange ratio that is equitable.

8.3 Relative Contributions of Financial Parameters

Grant Samuel has also considered the contributions of Alumina and Alcoa to the Combined Group based on other financial parameters, although these provide less reliable metrics on which to judge the terms of the Scheme as:

- the differences in gearing (and its impact on earnings) between the two companies is not properly reflected in the analysis for many of the metrics;
- significant items (and their resulting tax impacts) can have a material impact on earnings in a given year and, inevitably, on value but are not included in the analysis as all financial performance metrics are presented prior to the impact of significant items; and
- the broader aluminium value chain is susceptible to cyclicality and earnings can fluctuate across a very wide range. CY23 earnings reflect a point or stage in the cycle. While a five year historical average attempts to “smooth” the earnings profile, it can still be impacted by the stage in the cycle at which the earnings are captured (as economic/commodity cycles do not necessarily begin and end within a five year period).

Notwithstanding these limitations, the analysis still clearly illustrates that Alumina shareholders are generally “receiving” more than they are “contributing” if the Scheme is implemented:

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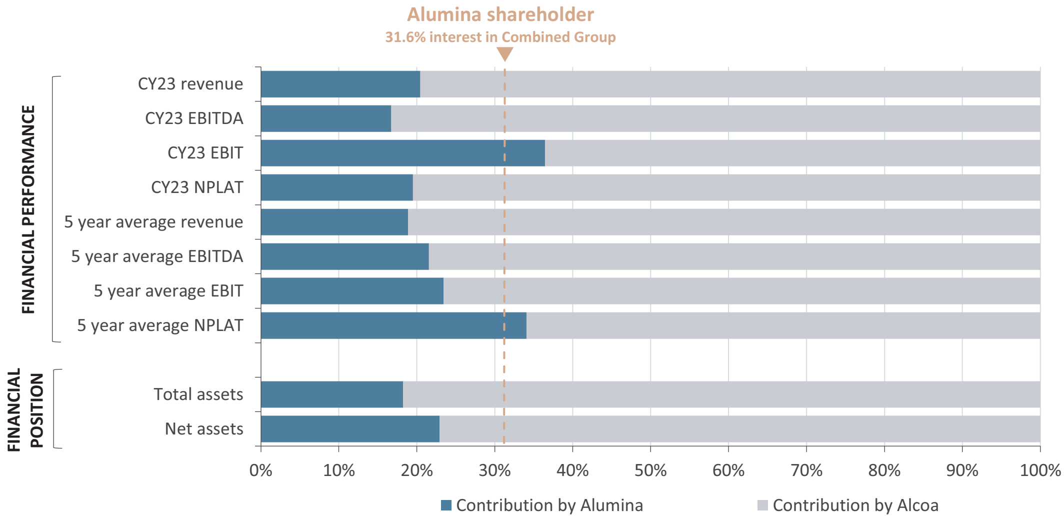
RELATIVE CONTRIBUTIONS – OTHER FINANCIAL PARAMETERS



Source: Alumina, Alcoa and Grant Samuel analysis

8.4 Implied Value of Alcoa's Non-AWAC Assets

Implied Value of Alcoa's Non-AWAC Assets

The following analysis calculates the effective price paid for Alcoa's non-AWAC assets by Alumina shareholders under the Scheme. The process was as follows:

- the Alumina share price is used as the starting point as a measure of the "cost" to Alumina shareholders as it represents what they are giving up. It is used to calculate:
  - the "cost" of Alcoa stock acquired by Alumina shareholders by:
    - converting an Alumina share into Alcoa stock at the exchange ratio (0.02854 Alcoa shares of common stock for each Alumina share);
    - converting A$ into US$; and
  - the implied market value of Alumina's 40% equity interest in AWAC by adjusting Alumina's market capitalisation for:
    - Alumina's net debt at 31 December 2023;
    - the capitalised value of Alumina's head office costs; and
    - other assets and liabilities;
- valuing Alcoa's 60% equity interest in AWAC at 1.5 times that of Alumina's 40% equity interest (i.e. no premium is applied);
- calculating the implied market capitalisation of Alcoa based on the "cost" per share for Alumina shareholders and then deducting the value of 60% of AWAC to determine the equity value of Alcoa's non-AWAC assets; and
- calculating the implied enterprise (i.e. ungeared) value of Alcoa's non-AWAC assets by allowing for the 31 December 2023 balances of Alcoa's non-AWAC net debt, pension and other postretirement benefit liabilities, asset retirement obligations and environmental liabilities.

The implied enterprise value based on share prices since 1 January 2022 is shown below. Since mid 2022, it has been fairly stable at around $3-3.5 billion (on a minority interest basis) and more recently (but prior to

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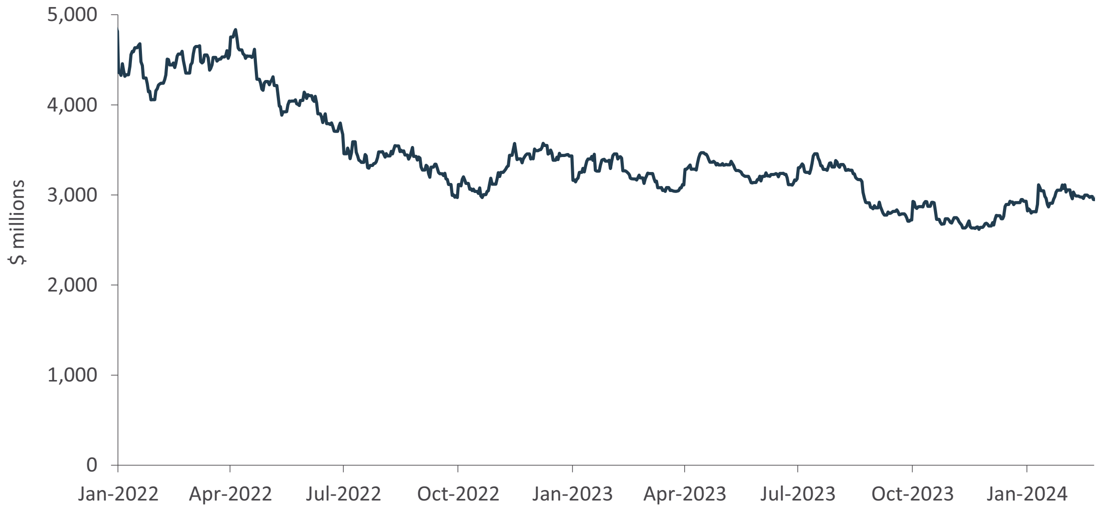
23 February 2024) has been around $3 billion (and would be less if it is assumed Alcoa's 60% interest should be valued at more than Alumina's 40% interest (per percentage point)):

HISTORICAL IMPLIED VALUE OF ALCOA'S NON-AWAC ASSETS
1 JANUARY 2022 TO 23 FEBRUARY 2024



Source: IRESS, S&P Capital IQ and Grant Samuel analysis

Value Cross Checks

Grant Samuel is not in a position to undertake a valuation of Alcoa's non-AWAC assets nor would this be appropriate. However, the following analysis is designed to provide a frame of reference for Alumina shareholders in considering the value they are effectively paying for their exposure to Alcoa's non-AWAC assets:

ALCOA'S NON-AWAC ASSETS – IMPLIED VALUATION PARAMETERS

	VARIABLE	RANGE OF PARAMETERS				
		CLOSING PRICE 23 FEBRUARY 2024	ONE WEEK AVERAGE	ONE MONTH AVERAGE	THREE MONTH AVERAGE	SIX MONTH AVERAGE
Implied Enterprise Value	**$ millions**	**2,948**	**2,981**	**3,015**	**2,903**	**2,843**
EBITDA multiples	**$ millions**					
CY23 EBITDA (actual)	289	10.2x	10.3x	10.4x	10.0x	9.8x
5 year average EBITDA (actual)	745	4.0x	4.0x	4.0x	3.9x	3.8x
CY24 EBITDA (broker median)[92]	614	4.8x	4.9x	4.9x	4.7x	4.6x
CY24 EBITDA (Alcoa Proxy Statement)[93]	415	7.1x	7.2x	7.3x	7.0x	6.9x
CY25 EBITDA (broker median)[92]	984	3.0x	3.0x	3.1x	3.0x	2.9x
CY25 EBITDA (Alcoa Proxy Statement)	830	3.6x	3.6x	3.6x	3.5x	3.4x

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92 Based on broker forecasts for Alcoa's Aluminium segment. The CY24 and CY25 EBITDA and EBIT forecasts for the Aluminium segment include contributions from the 55% interest in Portland Smelter (which is held via AWAC) and do not include Alcoa's other alumina interests that are not held within AWAC (e.g. interests in São Luis and in Poços de Caldas). However, the net effect is not expected to be material. See Appendix 3.

93 The CY24 and CY25 EBITDA forecasts set out in Alcoa's Proxy Statement are premised on LME aluminium prices of $2,300/t and $2,397/t, respectively (compared to prices at the end of April 2024 of circa $2,585/t).

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ALCOA'S NON-AWAC ASSETS – IMPLIED VALUATION PARAMETERS (CONT)

	VARIABLE	RANGE OF PARAMETERS				
		CLOSING PRICE 23 FEBRUARY 2024	ONE WEEK AVERAGE	ONE MONTH AVERAGE	THREE MONTH AVERAGE	SIX MONTH AVERAGE
EBIT multiples	**$ millions**					
CY23 EBIT (actual) ($ millions)	(26)	nmc	nmc	nmc	nmc	nmc
5 year average EBIT (actual)	396	7.5x	7.5x	7.6x	7.3x	7.2x
CY24 EBIT (broker median)[92]	na	nc	nc	nc	nc	nc
CY24 EBIT (Alcoa Proxy Statement)	na	nc	nc	nc	nc	nc
CY25 EBIT (broker median)[92]	na	nc	nc	nc	nc	nc
CY25 EBIT (Alcoa Proxy Statement)	na	nc	nc	nc	nc	nc
Capacity multiples (as at 31 March 2024)[94]	**ktpa**					
Alcoa share of nameplate capacity	2,650[95]	$1,112/t	$1,125/t	$1,138/t	$1,096/t	$1,073/t
Alcoa share of operating capacity	2,267[95]	$1,300/t	$1,315/t	$1,330/t	$1,281/t	$1,254/t

It is difficult to draw any definitive conclusions from the historical earnings multiples implied by the value of Alcoa's non-AWAC assets. While the historical CY23 EBITDA multiples (at circa 10 times) are towards the top end of the range of listed comparable aluminium companies, the multiples are impacted by the sharp deterioration in the financial performance of Alcoa's non-AWAC assets in CY23 particularly after the high earnings generated during the high aluminium price environment in CY21 and CY22 (which imply multiples of around 2.5 times EBITDA). A longer term average (as a proxy for "through the cycle" earnings) suggests multiples that are more closely aligned with listed aluminium producing peers (at around 4 times EBITDA and 7.5 times EBIT). The multiples implied by broker forecasts for CY24 and CY25 suggest similarly low multiples (as are the EBITDA multiples implied by the forecasts set out in Alcoa's Proxy Statement).

Analysis of the capacity multiples arguably provides more insight to value. Capacity multiples can be a useful proxy for assessing investment "entry" points for exposure to the aluminium industry either through:

- established aluminium producing operations (such as Alcoa's non-AWAC assets), which is represented by the implied capacity multiple (and inherently also reflects the value of access to the requisite upstream aluminium value chain and energy supply); or
- greenfield projects or developments, which represents replacement cost per tonne (but does not include the costs of securing upstream alumina and/or bauxite supply or energy supply to sustain ongoing operations).

The implied capacity multiples for Alcoa's non-AWAC assets are well below the capacity multiples for Century (at around $1,780/t), which is the only listed comparable company that approximates a "pure play" aluminium producer (its only upstream investment, a 55% interest in the Jamalco alumina refinery joint venture, represents a negligible proportion of its overall value). The higher capacity multiple for Century may in part reflect its larger exposure to the United States, which has the highest regional premium. Century is also expected to benefit from production tax credits from the government following the implementation of Section 45X of the Inflation Reduction Act (which are not available to Alcoa's non-AWAC assets to the same extent given its operating footprint).

Another relevant benchmark is the "rule of thumb" replacement cost for aluminium smelters in developed western markets which, at least $3,000-4,000/t, is significantly higher than the implied capacity multiples for (and therefore far more expensive than) Alcoa's non-AWAC assets. The gap between the two parameters widens further once the development risks for new smelting capacity are factored in, including:

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[94] The enterprise value of Non-AWAC includes the value attributable to non smelting assets, including power assets and certain minor investments in alumina assets.

[95] Excludes Portland smelter.

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- securing significant energy supply, which has historically been sourced from coal-fired or gas-fired power (both of which have high carbon emissions profiles);
- limited areas suitable for renewable energy sources to support an operation at scale (e.g. hydropower is commonly an attractive alternative but is dependent on a nearby water source);
- access to upstream alumina and bauxite supplies; and
- uncertain planning and approval processes.

These development risks can be significant hurdles to new smelting capacity and limit the available universe of investment options within the industry. The last aluminium smelter built in Australia was in the 1980s (and, in the case of the Portland smelter, was the product of a number of government incentives including the flexible energy tariff). Similarly, a new primary smelter has not been commissioned in the United States in over 45 years with a large proportion of supply subsequently being curtailed or closed. Recent legislation (particularly in the United States) appears to recognise the significant capital hurdles and may bridge some of the gap. In March 2024, Century was selected by the United States Department of Energy to receive $500 million in funding to build a new aluminium smelter. While the timing and total cost of the project (as well as the commercial feasibility) remain uncertain at this stage, the government subsidy alone is estimated to represent around $650/t[96] of the upfront capital cost (with the total capital cost expected to be much higher after taking into account Century's own contribution).

An established business such as Alcoa's non-AWAC assets does not face such challenges (at least not to the same extent).

While replacement costs in China (and other developing markets) are substantially lower and, at around $1,000/t, comparable to the implied capacity multiples of Alcoa's non-AWAC assets, the lower costs are partly due to government subsidies which often vastly reduce upfront capital costs (and sometimes ongoing operating risks). In any event, an aluminium smelter in the Chinese market is exposed to very different growth prospects and risks than Alcoa's non-AWAC assets.

In this context, the Scheme offers a relatively less expensive option for Alumina shareholders to gain an exposure to the primary aluminium element of the value chain (through a portfolio well positioned from a green energy perspective) while predominantly retaining their exposure to AWAC's future performance (although they can theoretically achieve the same outcome for themselves in the absence of the Scheme).

Impact of Recent Price Movements

Alcoa's closing stock price has increased by more than 30% from 23 February 2024 to 30 April 2024 (and by more than 65% from 23 February 2024 to 31 May 2024) due to a number of factors in particular:

- the circa 20% increase in the LME aluminium price and the circa 10-30% increase in the alumina price (circa 10% to 20 April 2024 and circa 30% to 31 May 2024, with the significantly larger increase to May 2024 driven by temporary factors such as the curtailment of Kwinana and Rio Tinto's declaration of a force majeure over its Queensland alumina operations in response to gas supply shortages); and
- company specific events including the Scheme (and associated benefits) and the initiation of a sale process for the San Ciprián complex.

It is likely that, in the absence of the Scheme, Alumina's share price would also be higher but:

- AWAC does not have the same degree of operating leverage as Alcoa's non-AWAC assets (particularly given AWAC's position in the bottom quartile of the alumina cost curve compared to non-AWAC's position in the second quartile of the aluminium cost curve); and

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96 Source: Century. In its press release dated 25 March 2024, Century indicated that the smelter, upon completion, would "double the size of the current U.S. primary aluminium industry." In 2023, the United States produced approximately 750,000 tonnes of primary aluminium.

- the increase in the alumina price (of circa 10% up to 30 April 2024), to which AWAC has its primary exposure, has been significantly less than the increase in the aluminium price.

While it is speculative, a higher Alumina share price would slightly increase the effective cost for Alumina shareholders of acquiring their 31.6% interest in Alcoa's non-AWAC interests but the implied enterprise value (on a 100% basis) would still be less than $3.5 billion. The implied value parameters would consequently be higher than shown above but would not be unreasonable compared to the relevant benchmarks.

Conclusion

While the analysis is unavoidably simplistic, there is nothing that suggests the effective cost of Alumina shareholders' investment in Alcoa's non-AWAC assets is overvalued relative to external benchmarks.

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9 Evaluation of the Scheme

9.1 Opinion

In Grant Samuel's opinion, the Scheme is fair and reasonable and is therefore in the best interests of Alumina shareholders in the absence of a superior proposal.

9.2 Summary

The strategic merits of the Scheme are compelling. Indeed, a transaction along these lines has been mooted almost from the time Alumina was first listed as a standalone company in 2002.

The current ownership structure of AWAC is suboptimal and not "fit for purpose". It is inefficient, with the shared ownership of AWAC diluting value and resulting in additional costs and extra layers of decision making. It also results in Alumina shareholders having a structurally subordinated minority interest in the underlying asset.

The weaknesses of the current structure have been brought into sharp focus by recent performance issues at AWAC that have resulted in the partners (Alcoa and Alumina) having to make significant cash contributions over the last two years. Further contributions are expected over the next 1-2 years (subject to alumina pricing or other changes in market conditions) given the bauxite quality issues facing the joint venture over the period to CY27 as well as elevated capital expenditure requirements going forward and restructuring and curtailment costs for Kwinana (and potentially San Ciprián unless it is sold). Alumina has limited capacity to raise its own debt to meet such obligations (because its sole investment is a minority equity stake with indirect access to cash flows). Alumina has total credit facilities of $500 million and net debt has already increased to over $350 million. Its credit rating has recently been downgraded to below investment grade. In these circumstances, further cash contributions may need to be funded by an equity raising.

In contrast, the Scheme will result in the Combined Group having a simple, unified structure that is a fully end to end, vertically integrated aluminium producer which owns 100% of most of its major assets across the value chain from bauxite to alumina to aluminium. Alumina shareholders will hold a direct interest in the operator (and controlling entity) of AWAC (and other assets) through the Alcoa stock that they receive.

There are several additional benefits for Alumina shareholders:

- they will retain most of their economic interest in AWAC (approximately 80%) while effectively swapping an 8.6% interest in AWAC (together with 68.4% share of Alumina's debt) for a 31.6% interest in Alcoa's aluminium smelter assets (and other assets and liabilities). This aluminium exposure has a number of attractions:
  - it offers shareholders a more diversified exposure to the industry, both in terms of product (i.e. aluminium) and geography;
  - Alcoa is a leading global aluminium producer that has an "advantaged" portfolio of smelting assets that positions it strongly for industry developments over the next decade. Over the last several years, it has streamlined its portfolio and now has among the industry's best "green" credentials. Over 85% of its electricity needs are provided by renewable energy. In addition, it has primary smelting operations in Europe and North America enabling it to capture the significant regional premiums that apply to local production in what are the world's two major developed markets; and
  - while the API/LME price relationship has been very stable for over a decade (except briefly in 2018-2020), there is a view that aluminium pricing may strengthen relative to alumina pricing over the next few years particularly in light of the difficulties and cost of developing new smelting

capacity in developed economies to meet demand (indeed this has occurred since the Scheme was announced to the benefit of Alumina shareholders);

- the Combined Group will have a better financial structure than either entity standalone to access debt (and equity) markets to deal with upcoming cash demands and to fund growth initiatives;
- there are direct financial synergy benefits including:
  - elimination of an amount equal to Alumina's corporate overheads (approximately $12.5 million per annum); and
  - tax and debt efficiencies by potentially raising debt against AWAC's Australian assets, thereby enabling interest expense to be offset against operating earnings for tax purposes.

  Alumina shareholders will share in 31.6% of these savings;
- Alumina shareholders should benefit (albeit largely indirectly) from the greater liquidity of Alcoa stock; and
- Alumina shareholders will have a reduced exposure (31.6% compared to 40%) to risks relating to future mining approvals in Western Australia (e.g. possible restrictions, higher operating costs).

One of the other key attractions of the Scheme is its nature as an "all scrip" transaction. Aluminium and alumina are volatile industries and Alumina and Alcoa both generated losses at the EBIT level in CY23 (as did AWAC). The share prices of both companies have fallen sharply over the past two years (and longer for Alumina). Rather than exit for cash at a low point (and lock in a loss), shareholders are able to "rollover" their shareholdings (at a premium) into stock that, at least until the last couple of months, has also been trading at depressed levels. As a result, they can preserve their economic interests in the sector (but with a shift in focus) and participate in any potential upside opportunities that are realised over the next few years.

Of course, there are disadvantages and risks:

- the exposure to the aluminium smelting business involves:
  - a more volatile industry (relative to alumina) with a higher degree of operating leverage;
  - greater risks around carbon emissions and the potential costs of resolving them (albeit that Alcoa's portfolio is well positioned); and
  - a business that has had weak cash generation and has historically incurred significant one-off costs;
- Alcoa has a relatively high level of debt and substantial pension and postretirement benefit liabilities (although these have been mitigated over the last few years) as well as asset retirement and environmental liabilities. Its credit rating was recently downgraded to below investment grade by all three major ratings agencies (as was Alumina);
- the stock price of Alcoa has historically demonstrated high levels of volatility reflecting its exposure to the primary aluminium industry and the company's high level of gearing;
- Alumina's franking credit balances ($493 million at 31 December 2023) will be effectively "lost" and future dividends from Alcoa will be unfranked (and may be subject to withholding tax). However, the shareholders need to recognise that the outlook for dividends in the short term is highly uncertain given the expected cash demands over the next few years and the likely need to reduce Alumina's gearing;
- shareholders will own stock in a United States incorporated entity which will operate under a different regime in terms of governance, takeover rules and shareholder protections. Alumina shareholders will hold those shares through CDIs listed on the ASX which will carry risks relating to liquidity. CDI

programmes have a mixed track record but shareholders will always be able to convert their CDIs into Alcoa stock and trade it on the NYSE; and

- some shareholders with mandates restricted to Australian companies and ineligible foreign shareholders will be forced to sell their interests.

In Grant Samuel's view, these disadvantages and risks are outweighed by the advantages and benefits.

From a value perspective, Grant Samuel has valued Alumina at $0.82-0.98 per share (equivalent to A$1.26-1.51 at an exchange rate of A$1=US$0.65) based on:

- an enterprise value for AWAC in the range $6,500-7,500 million (for 100%), together with other assets and liabilities and net cash giving an equity value of $6,685-7,897 million; and
- attributing 40% of that value to Alumina and allowing for Alumina's net corporate debt of $294 million (excluding lease liabilities) and other liabilities (net) of $(11) million.

Grant Samuel has attributed a value to the Scheme consideration of $0.94-1.06 per Alumina share (equivalent to A$1.45-1.62 per share at an exchange rate of A$1=US$0.65). The value of the consideration largely exceeds the value range of Alumina primarily because of the surge in the price of Alcoa shares subsequent to the announcement of the Indicative Proposal. The Scheme is therefore demonstrably fair.

In fact, the Alcoa stock price would need to fall below $28.73 before the value of the consideration was less than the bottom end of the Alumina value range. In any event, to the extent the fall in Alcoa's stock price reflected industry wide circumstances, it is likely that the value of Alumina would also be lower.

Alternative assessment analysis suggests that:

- the exchange ratio of 0.02854 Alcoa shares of common stock for each Alumina share is generally well above the ratio implied by relative share prices over the past two years (up to 23 February 2024); and
- Alumina shareholders are effectively acquiring their interest in Alcoa's non-AWAC assets at a "trading" enterprise value of approximately $3 billion (based on share prices over the months preceding the announcement on 23 February 2024). It is difficult to make a fully informed assessment of this value but it represents:
  - a value per tonne of smelting capacity of circa $1,300/t, compared to industry benchmarks for replacement cost of at least $3,000-4,000/t; and
  - relatively modest multiples of average historical earnings and broker forecasts for CY24 and CY25.

As the Scheme is fair, it is also reasonable.

9.3 Fairness

9.3.1 Value of Alumina

Grant Samuel has estimated the underlying value of Alumina shares to be in the range $2,369-2,854 million. The value was based on an estimated enterprise value of AWAC of $6,500-7,500 million (determined using DCF analysis) plus other assets and liabilities of $(90)-122 million and net cash of $275 million (excluding lease liabilities as they were included in the cash flows) as at 31 December 2023. 40% of this equity value was attributed to Alumina and Alumina's corporate net debt as at 31 December 2023 of $294 million (excluding lease liabilities) and one off costs for realising synergies of $12.5 million (before tax) were deducted. No allowance was made for Alumina's corporate overheads (of approximately $12.5 million per annum) as an amount equivalent to these costs would likely be able to be eliminated by any acquirer of Alumina.

The value of AWAC is subject to considerable uncertainty. Current performance is not reflective of long run expectations if its problematic assets (Kwinana and San Ciprián) can be dealt with and if the industry moves back towards some kind of equilibrium. AWAC (and Alcoa) both generated losses at the EBIT level in CY23 and broker forecasts for CY24 indicate a continued level of underperformance (although the impending full curtailment of the Kwinana refinery will result in a step change in profitability for AWAC in CY25). Similarly, full curtailment or sale of San Ciprián would also transform AWAC's earnings profile. In this light, multiples based on recent, current or short term earnings provide limited insight into valuation and are more in the nature of cross checks.

Grant Samuel has utilised a DCF analysis to value the business operations of AWAC to capture these dynamics over time but it must be recognised that the key variables cannot be forecast with a high degree of confidence. In particular, the NPV outcomes from AWAC's business operations are extremely sensitive to changes in commodity prices. A $10/t change in alumina prices would impact EBITDA by around $90 million (and NPV by more than $700 million).

There are also specific additional AWAC risks such as those related to permitting in Western Australia. A number of scenarios were examined but these will not capture the full range of plausible outcomes. The key assumptions adopted are set out in Section 5.3.2 of this report.

9.3.2 Value of the Consideration

Grant Samuel has attributed a value of $0.94-1.06 (A$1.45-1.62[97]) per Alumina share to the consideration based on an Alcoa stock price of $33.00-37.00. The closing Alcoa stock price immediately prior to the announcement of the Indicative Proposal on 23 February 2024 was $26.52 but it had risen by more than 30% by the end of April 2024. More recent prices (rather than the price at the time of announcement) are the relevant benchmark as these are the best measure of the cash equivalent of the offer today. In any event, there is no reason to assume that recent prices are anything other than a fair market price based on the information available. In this context, Alcoa already consolidates AWAC so the financial implications of the Scheme should be relatively easy to assess. The recent uplift may reflect a combination of factors including:

- the circa 20% uplift in aluminium prices since announcement of the Indicative Proposal, combined with the inherent operating leverage of non-AWAC's smelting business; and
- the benefits of the transaction such as:
  - unified ownership across the value chain;
  - better platform for growth; and
  - tax efficiencies.

9.3.3 Conclusion

The value of the consideration of $0.94-1.06 per Alumina share compares to the estimated full underlying value of Alumina of $0.82-0.98 per share. Virtually all of the range of the value of the consideration exceeds the value range of Alumina. In this respect, the Scheme is demonstrably fair although this is largely attributable to the surge in Alcoa's share price subsequent to the Indicative Proposal.

That uplift coupled with the jump in the aluminium price suggests that some degree of caution is warranted. Arguably, there is more downside than upside risk although the price has remained at elevated levels over the last two months.

In any event, the Alcoa stock price would need to fall below $28.73 (an 18% fall from the closing share price on 30 April 2024 and a 35% fall from the closing share price on 31 May 2024) before the value of the

[97] At an exchange range of A$1 = US$0.65.

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consideration was below the bottom end of the Alumina value range. In addition, to the extent that any fall in Alcoa's share price reflects industry wide circumstances, it is likely that the value of Alumina would also be lower.

9.3.4 Subsequent Commodity and Stock Price Increases

Subsequent to Grant Samuel completing its draft independent expert's report in early May 2024 (which was provided to Alumina and then to ASIC), commodity and stock prices have increased such that:

- current commodity prices (of $478/t for alumina and $2,607/t for aluminium on 31 May 2024) are above those assumed by Grant Samuel in CY24 for the High Case scenario in its DCF analysis (of $400/t for alumina and $2,500/t for aluminium); and
- the current Alcoa stock price (of $44.27 on 31 May 2024) is well above the top end of the range of Alcoa stock prices adopted by Grant Samuel to assess the value of the Scheme consideration (of $37.00).

In this regard, shareholders should note that:

- current commodity prices are spot prices and are not necessarily the same as the long term prices that an arm's length acquirer of AWAC's assets would adopt (which may be more conservative);
- the recent upsurge in the alumina price may reflect temporary factors such as the curtailment of Kwinana and Rio Tinto's declaration of a force majeure over its Queensland alumina operations in response to gas supply shortages;
- in estimating future cash flows, the most relevant factor is the long term sustainable margin rather than the commodity price assumed and in Grant Samuel's view, the average margins in the DCF analysis (of $125/t in the Low Case scenario and $160/t in the High Case scenario, both in real $ 2024) are towards the upper end of what would be considered sustainable over the long term; and
- even if the DCF analysis adopted higher commodity prices and a higher Alcoa stock price was used to determine the value of the Scheme consideration, there would be no change to Grant Samuel's opinion that the Scheme is fair. In fact, the higher prices (particularly the higher Alcoa stock price) would reinforce the fairness of the Scheme.

9.4 Reasonableness

As the Scheme is fair, it is reasonable. In any event, there are a number of other factors that support reasonableness and which Alumina shareholders should consider in determining whether to vote for or against the Scheme. These factors are set out in the following sections.

9.4.1 Premium for Control

The value attributed to the consideration of $0.94-1.06 (equivalent to A$1.45-1.62[97]) per Alumina share represents a 42-59% premium to the price at which Alumina shares last traded prior to announcement of the Indicative Offer on 26 February 2024. The premium is higher when compared to prices over the three months and six months prior to the announcement. The premiums are much higher than they were at the time of the announcement but the latest Alcoa stock price is the more relevant benchmark:

ALUMINA – PREMIUM OVER PRE-ANNOUNCEMENT PRICES[98]

PERIOD	ALUMINA PRICE/VWAP (A$)	PREMIUM
23 February 2024 – Pre-announcement closing price	1.02	42-59%
1 week prior to 23 February 2024 – VWAP	1.04	39-56%
1 month prior to 23 February 2024 – VWAP	1.09	33-49%
3 months prior to 23 February 2024 – VWAP	0.96	51-69%
6 months prior to 23 February 2024 – VWAP	0.93	56-75%
12 months prior to 23 February 2024 – VWAP	1.11	31-46%

The implied premiums are well above the level usually associated with takeovers of 20-35% although it should be recognised that premiums for control:

- are an outcome not a determinant of value; and
- vary widely depending on individual circumstances of the target and other factors (such as the potential for competing offers). The premiums in a substantial proportion of transactions actually fall outside (either above or below) the 20-35% range.

When considering the extent of the premium shareholders should also take the following factors into account:

- prior to the Indicative Proposal, Alumina shares had not traded above the bottom end of the value of the consideration (A$1.45) since May 2023; and
- the premium at the time of announcement of the Indicative Proposal was approximately 13%. The higher levels shown in the table reflect the more than 30% uplift in the Alcoa stock price since the announcement (up to 30 April 2024). As discussed above, this uplift is likely to be primarily due to the sharp rise in the LME aluminium price.

  The table may therefore overstate the premium in so far as the Alumina share price today (in the absence of the Scheme) might also be higher than the pre announcement price of circa A$1.00 because of the uplift since 23 February 2024 in API prices. The extent of any theoretical increase is speculative but is probably much less than Alcoa's increase (at least up until 30 April 2024) because the API price has only risen by circa 10% (compared to the aluminium price increases of circa 20%) as well as the higher operational leverage of Alcoa's smelting business. However, even if some adjustment was made, the premium would still be substantial.

9.4.2 Share Trading in the Absence of the Scheme

The Scheme enables shareholders to realise their investment in Alumina at a value which incorporates a premium for control. In the absence of the Scheme or a similar transaction, shareholders could only realise their investment by selling on market at a price that does not include any premium for control and would incur transaction costs (e.g. brokerage).

In these circumstances, and in the absence of the Scheme or a similar transaction, it is likely that Alumina shares, under current market conditions and its current ownership structure, would trade at prices well below the value of the Scheme consideration of A$1.45-1.62[97] per share although quite possibly higher than the prices prevailing prior to announcement of the Scheme of circa A$1.00 as the share price should arguably be supported by the higher alumina prices since announcement of the Scheme and the generally improved sentiment around the aluminium sector.

[98] The calculated VWAP includes all trades as reported in IRESS and is not adjusted for any factors.

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9.4.3 Alternative Offerors

It is conceivable that a third party could make a higher offer for Alumina. However, in Grant Samuel's opinion that is unlikely. Alcoa already has effective control of AWAC through its 60% economic interest and the various agreements related to the governance of AWAC (see Section 4.2.2). Alcoa stated in its announcement on 20 May 2024 (New York time) that Allan Gray, the largest shareholder in Alumina, confirmed that it continued to be supportive of the Scheme. It is hard to envisage a third party wanting to make an offer at full underlying value to acquire what is a minority interest in AWAC in these circumstances. CITIC has accumulated a 19% interest in Alumina. However, there is no indication that CITIC wishes to make an offer for 100% of Alumina.

9.4.4 Higher Offer from Alcoa

The Scheme has not been declared "best and final". Shareholders could agitate for a higher offer or even vote against the Scheme in the hope that Alcoa would return with a higher offer. While a higher offer is conceivable, it would, in Grant Samuel's opinion be imprudent to vote against the Scheme and rely on this occurring:

- there is no certainty that Alcoa would return with a higher offer. While it may seem that it would always make sense for Alcoa to acquire Alumina's 40% interest in AWAC, it has lived with the structure for over 20 years. It could easily "wait out" Alumina shareholders who, on a standalone basis, face an uncertain future that may include significant further cash contributions to AWAC and the possible need to fund this by raising equity (where dividends may be some time away);
- the proposed exchange ratio (0.02854) has already been increased twice since the first approach by Alcoa in October 2023; and
- the largest institutional investor in Alumina (Allan Gray, with a 19.55% interest) has confirmed to Alcoa that it continues to be supportive of the Scheme.

9.4.5 Benefits and Advantages

Structurally Superior Solution

The current ownership structure of AWAC is suboptimal and not "fit for purpose". Indeed there have been suggestions almost from the time Alumina was created in 2002 (after WMC's other assets were demerged) that merging Alumina and Alcoa made economic and strategic sense although the various circumstances at different times made it very difficult to achieve. While shared ownership of assets is not uncommon across the resources industry, there are a number of drawbacks with the AWAC structure:

- it is cumbersome with two separate listed companies each owning part of the same asset (AWAC) as a primary investment with complex joint venture governance arrangements and neither party having absolute control. Further, Alumina gains no strategic benefit through any kind of offtake agreement where it can consume the alumina output within its own operations;
- there are extra layers of decision making. While Alcoa has day to day management control, there is a Strategic Council that must approve (with an 80% super majority vote) a range of significant matters including changes to the pricing formula, major expansions, curtailments and acquisitions. Inevitably, these processes impact how nimble AWAC can be;
- there are additional costs. Alumina incurs approximately $12.5 million per annum of corporate overheads. It is also tax inefficient as Alumina has no taxable income against which to offset the overhead costs or the interest expense (on net borrowings which now exceed $350 million);
- while Alumina is a "pure" investment in AWAC, the structure results in Alumina shareholders owning shares in an entity that only has a minority interest in the joint venture and no effective control or

management of the assets (except through the significant matters requiring approval by a super majority of the Strategic Council); and

- it dilutes value for both parties. Alumina's interest in AWAC is clearly a minority interest that would not, in the ordinary course, attract a full control premium while Alcoa's 60% interest is also compromised in so far as it does not have unfettered control.

The weaknesses of the current structure have been brought into sharp focus by recent performance issues at AWAC. Historically, AWAC has been strongly cash generative and made (as required under the joint venture agreements) significant distributions to Alumina which it then passed on to shareholders as dividends. Between CY19 and CY22, Alumina received over $1 billion in cash distributions and paid out a similar amount in dividends. However, over the same period, AWAC's EBITDA has steadily declined from $1.6 billion in CY19 to $0.25 billion in CY23 (and a loss at the EBIT level). The cash distributions came to a halt in CY22 when Alumina had to make contributions to AWAC (for working capital) with further contributions of almost $200 million required in CY23. The contributions were primarily funded by debt, with Alumina's net borrowings increasing to $294 million as at 31 December 2023. Alumina did not declare a dividend for CY23.

Alumina expects that it will have to make further contributions over the next 1-2 years (in the absence of sustained strength in alumina prices and any other changes to market conditions) as a result of:

- lower quality bauxite over the period to CY27 adversely impacting production, earnings and cash flow;
- losses at Kwinana until curtailment is completed;
- one-off costs of full curtailment at Kwinana;
- ongoing losses at San Ciprián and the potential restructuring costs if the sale process currently underway is unsuccessful and a curtailment decision is made; and
- annual capital expenditure of over $300 million.

However, Alumina has limited borrowing capacity:

- the current facility had approximately $200 million of undrawn capacity (as at 31 December 2023) but this had reduced to less than $150 million as at 31 March 2024; and
- the facility is due to mature over the next three years (CY25-27).

Additional debt facilities and/or replacement of the current facilities would be extremely challenging given:

- Alumina's only asset being a minority equity interest in AWAC with no direct access to cash flow (albeit there are certain requirements for AWAC to distribute cash);
- the performance issues at, and the short term cash flow outlook for, AWAC; and
- the recent (April 2024) downgrade of Alumina's credit rating by S&P to below investment grade (from BBB- to BB (outlook negative)). The credit issues are exacerbated by Alcoa's recent downgrading by S&P, Moody's and Fitch to below investment grade.

Accordingly, there is a distinct possibility that, if contributions to AWAC continue to be required, Alumina will need to raise equity, most likely from existing shareholders.

In contrast, the Scheme creates a simple unified structure:

- that is a fully end to end, vertically integrated aluminium producer that owns 100% of most of its assets (giving it direct access to cash flow) across the value chain from bauxite to primary aluminium products;
- where Alumina shareholders will have a direct interest in the operator (and controller) of 100% of AWAC (and Alcoa's other smelting assets) through their Alcoa stockholding; and

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- where all shareholders in the business will be in the same "pool" with identical interests.

While the Scheme doesn't eliminate the challenges facing the business over the next few years it provides a much better platform to be able to deal with them from an operational and financial perspective. As a single business with largely wholly owned assets, the Combined Group is much better positioned than either Alcoa or Alumina on a standalone basis to access debt markets efficiently. The ratings agencies have flagged that they consider the Scheme to be a potential positive factor for credit ratings going forward.

The Combined Group platform is also better placed to pursue any growth opportunities that arise.

Diversification and Exposure to Aluminium

The essence of the Scheme is that Alumina shareholders will swap an 8.4% interest in AWAC (approximately 20% of their collective interest of 40%) for a 31.6% interest in Alcoa's non-AWAC assets.

The non-AWAC assets largely comprise Alcoa's portfolio of aluminium smelters spread across Canada, the United States, Norway, Iceland, Brazil and Spain as well as its interests in various energy producers and its other assets and liabilities (including net debt, asset retirement obligations and pension and postretirement benefit liabilities).

The exposure to Alcoa's smelting assets should have a number of attractions for Alumina shareholders:

- if offers a more diversified exposure to the industry, both in terms of products (i.e. aluminium) and geography (e.g. significant assets in North America and Europe); and
- Alcoa is a leading global aluminium producer that has an advantaged portfolio of smelting assets that sets it up strongly for any industry developments over the next decade:
  - its primary smelter locations in Europe and the United States/Canada put it in a position to capture the highest regional premia (see Section 3.5) which reflect both supply constraints within those markets and freight/transport differentials. At the end of May 2024, the Midwest premium (for the United States) was approximately \$435/t while the Rotterdam (Duty Paid) premium (for Europe) was approximately \$340/t. These premia are fundamental to the earnings capacity and financial robustness of the smelters and the ability to remain profitable even when commodity prices soften;
  - it has among the industry's best "green" credentials particularly in terms of energy consumption. The smelters in Canada, Iceland, Norway and parts of Brazil are supplied by hydroelectric power and the overall portfolio utilises over 85% renewable energy. A "green premium" is evolving for aluminium and Alcoa is well positioned to access this premium as a result of its energy supply mix; and
  - for Alumina shareholders swapping alumina exposure for aluminium exposure, a critical issue is the relationship between API (alumina) and LME (aluminium) prices. In this regard, their concern is not so much the absolute levels as the relativities between the two. For most of the past decade the relationship has been relatively stable except for brief periods in 2018 (market disruption) and 2021 (smelter closures). The ratio (API/LME) has historically been around 15-17%. Commodity prices are notoriously difficult to predict and forecasts have a low degree of reliability. Nevertheless, it is worth noting that there is a view among some market participants that, over the next few years, aluminium will strengthen relative to alumina, with the rationale being based around the supply constraints (in developed markets) particularly with the number of smelters that have closed in recent years or are likely to close in the near future combined with the difficulty (planning, environmental, energy supply) and high cost of building new capacity. In contrast, bauxite is regarded as plentiful and alumina refining capacity is forecast to expand over the next three years (primarily in Asia) keeping alumina price rises "in check". Indeed, this is what happened subsequent to announcement of the Scheme with the LME

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aluminium price rising by circa 20% while the API price increased by only circa 10% up to 30 April 2024 (the ratio has fallen to around 15%) (although the increase has been circa 30% up to 31 May 2024 as a result of temporary factors such as the curtailment of Kwinana and Rio Tinto's declaration of a force majeure over its Queensland alumina operations in response to gas supply shortages). Alumina shareholders are direct beneficiaries of this dynamic as the Alcoa closing stock price has increased by more than 30% in the period up to 30 April 2024 and by more than 65% in the period up to 31 May 2024.

Synergy Benefits

The Scheme will enable the Combined Group to eliminate overhead costs of approximately $12.5 million per annum (which, to the extent they comprise Alumina costs, have no tax benefit).

In addition, the current financial structure of the two companies has inefficiencies from a tax perspective. Alumina has no taxable income against which to offset its interest expense ($20 million in CY23) (as income from AWAC is generally 100% franked). Further, there is no net debt within AWAC as there is no incentive for Alcoa to inject debt at that level (it would have to consolidate 100% while only getting a 60% benefit). If, say, $1 billion of debt was put in place at the AWAC level after the Scheme is implemented, the tax shield for the Combined Group would be greater than $20 million per annum (which is substantially more than the tax shield currently available to Alcoa and Alumina).

Alumina shareholders will share in 31.6% of these synergy benefits.

No Crystallisation of Losses

The performance of both the underlying business of AWAC and the Alumina share price has been very weak over the past five years with the shares trading down from over $2.50 to less than $1.00.

A sale of Alumina in a cash transaction would mean shareholders were crystalising any losses at what might prove to be a low point in the cycle. A part cash, part scrip offer would do the same but to a lesser extent.

The Scheme enables shareholders to "rollover" 100% of their exposure to Alumina into equity in largely the same asset (albeit with a new exposure to aluminium) thus preserving the vast bulk of their exposure and enabling them to benefit from any subsequent upswing. In this context, it is important to note that Alcoa's stock price has (at least until the uplift from March 2024 from which Alumina shareholders benefit) also been in the "doldrums" over the past two years. It peaked at almost $100 in early 2022, fell sharply during the first half of 2022 and then drifted down from over $50 to less than $30 by February 2024.

In this regard, Alumina shareholders preserve their economic interests in the sector (but with a shift in focus) and participate in potential upside opportunities that are realised over the next few years.

Enhanced Liquidity

While Alumina has a reasonably liquid market for its shares (approximately 100% turnover annually, 130% excluding the CITIC holding), Alcoa is a highly liquid stock with annual turnover of almost 800% of its issued capital. This liquidity provides better "price discovery" and enables even reasonably large institutional holdings to be bought or sold with relative ease and minimal impact on prices.

Alumina shareholders will receive CDIs listed on the ASX, not Alcoa stock, and the market for these CDIs will not be as liquid as Alcoa stock (and liquidity could be expected to deteriorate over time). However:

- the CDI price will be largely driven by the (overnight) Alcoa stock price. Even if the CDI market has poor liquidity, the prices should not be materially different to the Alcoa stock price because of the ability of arbitrageurs to immediately convert CDIs into Alcoa stock;
- institutional holders would be able to easily convert their CDIs into Alcoa stock and trade on the NYSE if it became necessary or advantageous; and

- retail investors should still be able to deal with their holdings through the ASX with reasonable ease (and could convert their holding to Alcoa stock if necessary).

In this respect, Alumina shareholders will benefit (albeit largely indirectly) from the greater liquidity of Alcoa stock.

Risk Reduction

There are some significant, but largely unquantifiable longer term risks attached to the AWAC business, in particular relating to its operations in Western Australia, such as:

- restrictions on mining activities (e.g. "no-go" and larger buffer zones) or, in a worst case, discontinuation of the necessary bauxite mining approvals from the relevant authorities, as environmental pressures continue to increase (AWAC has already been the subject of various public complaints and campaigns); and
- the potential increase in operating (and capital) costs to meet more stringent environmental requirements.

To the extent that these risks evolve into unplanned actual costs or restrictions on where or how mining can occur, Alumina shareholders will benefit (in a relative sense) through the reduction in their collective exposure to AWAC (from 40% to 31.6%).

9.4.6 Costs, Disadvantages and Risks

Exposure to Aluminium

There are also downsides and risks attached to the exposure to the aluminium industry through Alcoa to which Alumina shareholders will be exposed if the Scheme is implemented:

- the aluminium industry is more volatile than the alumina industry. Not only does the aluminium price fluctuate to a greater degree than the alumina price but non-AWAC has a higher degree of operating leverage than AWAC which magnifies the impact on earnings and free cash flow. EBITDA for Alcoa's non-AWAC assets has fluctuated between $1.56 billion and $69 million (before significant items) over the past five years. While this leverage is very positive when conditions are strong, it works in reverse when market conditions soften;
- aluminium is a high carbon emissions industry. While Alcoa has an advantaged portfolio due to its high usage of renewable energy (>85%), it still has a significant carbon issue that will need to be mitigated over time. This could involve substantial capital costs that are relatively greater than those facing alumina producers. It also faces the risk of greater penetration of recycled aluminium at the expense of primary aluminium; and
- the financial performance of Alcoa's non-AWAC assets over the past five years shows:
  - a high level of significant items (restructuring and other non operating expenses) totalling more than $3 billion; and
  - poor cash generation after these expenses (negative in three of the last five years and negative in aggregate over CY19 to CY23).

Non-AWAC Liabilities

Through the Scheme, Alumina shareholders will inherit their share (31.6%) of the substantial debt and other liabilities of Alcoa's non-AWAC assets. As at 31 December 2023, these liabilities included:

ALCOA'S NON-AWAC ASSETS – SELECTED LIABILITIES AS AT 31 DECEMBER 2023

PERIOD	$ MILLIONS
Net debt including lease liabilities	1,240
Asset retirement obligations	299
Pension and postretirement benefit liabilities	614
Environmental liabilities	177
Total debt-like liabilities	**2,330**

Alcoa's consolidated net debt rose significantly in 1Q24 by around $320 million, with the increase largely attributable to Alcoa's non-AWAC assets. However, Alcoa has stated that much of this increase is due to temporary seasonal working capital changes.

Financial Leverage

The Combined Group will have a relatively higher level of financial gearing and leverage than Alumina. It will combine Alcoa's non-AWAC liabilities shown above with Alumina's net debt ($295 million at 31 December 2023). In addition, the Combined Group will also carry the substantial non trading liabilities of non-AWAC (e.g. pension and other postretirement benefit liabilities, environmental remediation liabilities). In March 2024, Alcoa was downgraded by S&P (to BB (negative outlook)), Moody's (to Ba1 (negative outlook)) and Fitch (BB+ (stable outlook)). These ratings are all below "investment grade". However, it should be noted that:

- the agencies primary concerns mostly related to higher restructuring and operating costs and negative free cash flow within AWAC. Alumina shareholders have 40% of this exposure already and under the Scheme will reduce their exposure to AWAC; and
- the agencies regarded the Scheme, if implemented, as a positive factor for Alcoa's credit ratings going forward.

Share Price Volatility

The Combined Group's exposure to the aluminium price and its high level of financial leverage means that its stock price is likely to be more volatile than that of Alumina shares.

While it is difficult to be precise, a comparison of the relative share price performance of Alcoa and Alumina over the past five years demonstrates the possible extent of the issue:

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ALUMINA SHARE PRICE VS ALCOA STOCK PRICE

1 JANUARY 2019 TO 31 MAY 2024

Source: IRESS, S&P Capital IQ, Alumina

Dividends

The consideration comprises shares of common stock in Alcoa (in the form of CDIs listed on the ASX), a company incorporated in the United States. Alcoa has paid annual dividends of $0.40 per share of common stock since CY21 which represents a yield of only a little over 1% per annum. That annual dividend is equal to just under A$0.02 per Alumina share.

Future dividends from Alcoa will not be franked for Australian income tax purposes and the circa $500 million of accumulated franking credits held by Alumina will be "lost". In addition, there will be a withholding tax at the rate of 15% on dividends paid to Australian residents and on dividends paid to most other non-United States resident shareholders . However:

- while Alumina has historically paid dividends well above A$0.02 per share (between A$0.036 and A$0.08 over CY19 to CY22), dividends ceased in CY22 as AWAC performance deteriorated. The outlook for any dividends from Alumina in the near term is highly uncertain given the expected cash demands over the next few years and the likely need to reduce Alumina's gearing;
- there is no detriment to non-Australian shareholders as they receive no benefit from dividend franking (except for the potential elimination of withholding tax); and
- for Australian residents and residents in most other non-United States jurisdictions, the withholding tax may be creditable against the shareholder's foreign income. Accordingly, there should be no net cost (other than a timing cost) for shareholders from the withholding tax impost (although there is always the possibility of an adverse outcome depending on particular individual circumstances e.g. for superannuation funds in the retirement phase).

Retention of Alcoa CDIs

The decision to hold Alcoa stock (in the form of CDIs listed on the ASX) is independent of a decision to vote in favour of the Scheme. However, Alumina shareholders who retain the Alcoa CDIs received as Scheme consideration will hold securities that have certain features that may be unattractive:

- **Shareholders will be subject to United States corporate law and regulation**

  As an Australian incorporated entity with a primary listing on the ASX, Alumina is governed, inter alia, by the Corporations Act and the ASX Listing Rules and is regulated by ASIC. In contrast, Alcoa is subject to Delaware corporate law, NYSE listing rules and regulation by the SEC[99]. The rights of securityholders and the governance of Alcoa is also determined by its certificate of incorporation (as amended and restated) and the by-laws of the company (as amended and restated) which prescribe certain matters. Essentially, the certificate of incorporation sets out the rights of each class of share capital and other structural matters while the by-laws prescribe more day to day matters related to administration and operation of the company. There is a material difference between the rights of Alcoa securityholders compared to the rights of Alumina shareholders. Section 10 of the Scheme Booklet sets out a comprehensive explanation of these differences.

  In some respects, it can be argued that the Delaware/NYSE regime and the Alcoa certificate of incorporation/by-laws afford lesser protection for securityholders, especially minority securityholders. A major point of difference is the provisions relating to changes in control of the company. In simple terms there is greater potential for control of Alcoa to change hands without an offer being made to all securityholders. A cornerstone of Australian corporations law is the "20% rule" under which no party can increase its shareholding to 20% or more without making a formal takeover offer to all shareholders or obtaining the approval of the remaining shareholders (except under the "creep" provisions which allows 3% to be acquired every six months or with shareholder approval). In contrast, the situation with Alcoa is quite different. It is not feasible or practical to attempt to consider the full array of potential consequences of this change. However, some of the more obvious ones are that:

  - a third party could acquire a significant stake in Alcoa, say more than 20%, without making an offer to all securityholders (by buying on market or through private treaty dealing). A holding above 20% is likely to confer a significant degree of influence; and
  - there appears to be a greater ability for a bidder to secure a strong enough position to inhibit an open contest for control. In general, the Australian rules limit bidders to 20% pre bid stakes and attempt to ensure a fair auction develops if there is more than one bidder. The rules in the United States appear to allow a single party to lock up a significant securityholding in advance of making an offer, thereby restricting the possibility of a counter offer.

  Delaware law can also be used to frustrate bidders who intend to combine their business with a target company by requiring a three year waiting period before they can do so without either board approval prior to the bidder obtaining a 15% or greater voting interest or a two-thirds vote of disinterested securityholders.

  There are a number of other aspects of the regime that apply to Alcoa that may be of concern to Alumina shareholders, including the following:

  - Alcoa has the ability to adopt a securityholder rights plan (colloquially referred to as a "poison pill") which could inhibit the ability of a bidder to acquire the company or a significant stake in the company. These plans can be implemented without securityholder approval. It is possible that such a plan could prevent securityholders from receiving what would otherwise be an attractive offer. At the same time:
    - such plans can also prevent parties from securing control on terms that could disadvantage securityholders (e.g. more than 80 United States companies adopted securityholder rights plans in 2020 in light of market and share price reactions to the COVID-19 pandemic); and
    - there are judicial constraints on directors acting other than in a bona fide manner;

[99] As Alcoa intends to apply for a foreign exempt listing on the ASX it will be exempt from complying with most of the ASX Listing Rules.

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- even where a formal offer is made, United States takeover law (Regulation 14(d) of the *Securities Exchange Act* of 1934) allows a bidder to make a partial offer which can be for a fixed aggregate amount of stock as opposed to a fixed percentage of each securityholder's holding. Such a bid structure can mean that in some circumstances control can pass to a bidder with some securityholders selling (and receiving a control premium for) a high percentage of their holding while those not accepting will receive no premium;
- Delaware law allows the directors to issue stock that carries preferences as to voting, dividends, redemption or liquidation without securityholder approval. These issues could effectively diminish the rights of existing securityholders. Alcoa's certificate of incorporation creates a class of preferred stock that could be issued in the future without securityholder approval;
- securityholders are not required to approve any capital reduction or stock buybacks by Alcoa. Alumina shareholder approval is required for any capital reduction and most share buybacks;
- Alcoa securityholders are not able to call securityholders meetings in the same way in which Alumina shareholders can under Australian corporate law (by shareholders representing more than 5% of the issued shares). Meetings may only be called by the board of directors, chair or CEO of Alcoa or by securityholders representing at least 25% of the issued stock. These rules would, for example, inhibit the ability to remove directors at the behest of securityholders;
- the system for election and removal of directors is different. The key differences arise from the "plurality" system of voting for contested elections (i.e. where the number of candidates for election as directors exceeds the number of directors to be appointed). Under this system, directors are elected in order of the number of votes received up to the number of directors to be elected. The main consequences of this arrangement are that:
  - a director can be elected with less than a majority of votes (which cannot occur in Australia); and
  - to vote out a director, there must be an alternative candidate that polls higher than the incumbent (although any director may be removed from office at any time with or without cause at a meeting called for that purpose by a vote of at least 50% of securityholders);
- under Delaware law, directors may determine the compensation of the board; and
- directors are exempt from personal liability for monetary damages for breach of fiduciary duty (to the extent permitted under Delaware law). Such exemptions are not permitted under Australian law.

On the other hand:

- important protection and rights for securityholders are carried over into Alcoa's certificate of incorporation. For instance, any securityholder is able to nominate persons to the board or propose other resolutions (albeit only at the annual general meeting and only after giving the requisite advance notice); and
- there are some positive features of the Delaware/NYSE regime and the Alcoa certificate of incorporation:
  - a number of events (e.g. amendment of the certificate of incorporation) must be approved by at least 50% of all securityholders entitled to vote at the meeting, not just those present and voting. While at least 50% of all securityholders entitled to vote at the meeting is nominally a lower hurdle than Australia's 75% (of those shareholders present and voting), a 50% majority of all securityholders is in fact a higher hurdle if securityholders representing less than two thirds of total shares actually vote; and
  - appraisal rights (effectively a cash buyout at a judicially determined "fair value") are available in certain circumstances.

Clearly there are some aspects of Delaware governance that are less favourable to securityholders than the Australian regime and these could adversely affect Alumina shareholders who retain Alcoa CDIs in some circumstances at a future point in time.

In the final analysis, exposure to a different corporate governance and regulatory structure is the cost of being directly present in the world's largest capital market. Delaware (which hosts more than 50% of the S&P500 index) and the United States more broadly are clearly regarded as a satisfactory jurisdiction by most of the world's leading investors.

- **General meetings, if not held online, will likely be held in the United States**

  Although it has the ability to hold its annual general meeting in any place and in any manner determined by the Board, Alumina has a long history of holding its annual general meeting in Melbourne, Victoria (other than during the height of the COVID-19 pandemic in 2020 when the annual general meeting was held online only). Alcoa is also able to hold its annual general meeting anywhere but since 2020, annual general meetings have been held online only and this is expected to continue. If they were not held online, it is likely they would be held in the United States (as they were previously from the time the company was established).

  While the online format enables participation by all securityholders, regardless of their geographical location, the time of the meetings may not be convenient for Australian-based securityholders (Alcoa's 2024 meeting is being held at 9.30am United States Eastern Daylight Time/11.30pm Australian Eastern Standard Time).

  To this extent, Australian based investors are being disadvantaged. However:

  - the perceived importance of attending the annual general meeting in person will vary from securityholder to securityholder. Many may not regard it as particularly important; and
  - securityholders (including holders of CDIs), will still be able to ask questions and vote on resolutions put to securityholders (although see the requirements for voting set out below).

- **There are certain differences between Alcoa stock and Alcoa CDIs**

  Alumina shareholders (with the exception of CITIC for part of its holding) will receive Alcoa stock in the form of ASX-listed Alcoa CDIs. Alcoa CDIs are, for practical purposes, economically equivalent to Alcoa stock. However, there are certain differences:

  - holders of CDIs are unable to vote their CDIs directly at general meetings. However, they do have the following options:
    - instruct the nominee and legal owner of the CDIs, CHESS Depositary Nominees Pty Limited, to vote in the desired manner by proxy;
    - instruct CHESS Depository Nominees Pty Ltd to appoint the CDI holder as proxy, enabling the CDI holder to vote at the meeting; or
    - convert their Alcoa CDIs into a holding of Alcoa stock and vote at the meeting, which may incur a fee and would require conversion back to CDIs to subsequently sell them on the ASX.

    Clearly, CDI holders will be able to exercise their votes but the process is unusual and cumbersome; and
  - the CDIs are tradeable only on the ASX and can only be traded on the NYSE by converting Alcoa CDIs into a holding of Alcoa stock. Accordingly, the trading pool on the ASX will be limited to the CDIs, which could impact the liquidity of the CDIs.

  These matters may be of concern to Alumina shareholders, but Alumina shareholders who are uncomfortable with exposure to Alcoa are able to sell the Alcoa CDIs that they receive as Scheme consideration.

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- **CDI programmes have a mixed track record**

  There are 75 foreign companies with CDIs listed on the ASX, mostly as a result of:

  - scrip based acquisitions of Australian companies (e.g. Newmont Corporation, Block Inc., Unibail-Rodamco-Westfield SE);
  - reincorporation of Australian companies in overseas jurisdictions as a result of their base of operations moving offshore (e.g. Amcor plc, James Hardie Industries plc, Resmed Inc.); or
  - demergers by Australian companies of offshore businesses (e.g. CYBG plc (now Virgin Money UK plc), Janus Henderson Group plc ("Janus Henderson")).

  However, the CDIs have generally performed poorly in so far as:

  - the number of CDIs on issue by most companies has fallen (in many cases quite sharply) as shareholders have steadily converted the CDIs into the underlying securities listed on foreign exchanges; and
  - the turnover (i.e. liquidity) has declined as the level of interest by local investors and brokers fades over time (compounded if indexation is lost).

  This has culminated in some issuers such as Singapore Telecommunications Limited and Janus Henderson deciding to terminate their CDI programmes. On the other hand, some CDI programmes can be regarded as relatively successful but this has generally been where the entity still has a strong nexus with Australia.

  While the track record does not bode well, Alumina shareholders should not necessarily be disadvantaged:

  - arbitrage means that the trading price of Alcoa CDIs should closely track the price of Alcoa stock on the NYSE;
  - any decline in liquidity in the CDIs will probably only impact institutional and other larger holders;
  - any shareholder, but particularly institutional holders will be able to convert CDIs into Alcoa stock and trade on the NYSE (where there is a deep, liquid market for Alcoa stock); and
  - Alcoa has committed to maintaining the CDI programme for at least ten years.

Forced Sale of Alcoa Securities

Some Australian investment institutions may be forced to either sell their Alcoa CDIs or substantially reduce their exposure because of restrictions in their mandates. This will include:

- funds that are not able to hold foreign shares or ASX foreign exempt listings or are limited to Australian incorporated companies who will need to sell their holding; and
- even if Alcoa CDIs are included in relevant S&P/ASX indices, some funds (e.g. passive index funds, funds limited to investing in shares included in the S&P/ASX 200 Index (or similar indices) and index hugging funds allowed only limited tracking error relative relevant S&P/ASX indices) are likely to need to reduce their total investment in Alcoa because only the CDIs will be included in relevant S&P/ASX indices and at least some Alumina shareholders are likely to convert their Alcoa CDIs to Alcoa stock after implementation of the Scheme.

Ineligible foreign shareholders will be similarly disadvantaged as they are not entitled to receive Alcoa CDIs. Instead, the Alcoa CDIs which they would otherwise receive will be sold on market as Alcoa stock (on the NYSE) and they will receive the cash proceeds of sale (after deduction of any reasonable brokerage or other

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selling costs, taxes and charges), in United States dollars. It is estimated that shareholders representing less than 1% of Alumina's issued shares[100] are expected to be impacted by this provision.

Apart from the potential price issues when selling, these shareholders will be disadvantaged to the extent that there is a loss of opportunity to invest in Alcoa and earn the returns it may generate for shareholders.

Conclusion

In Grant Samuel's opinion, while these disadvantages and risks are not inconsequential, most have mitigating factors and they are not sufficiently material to change the conclusion that the Scheme is in the best interests of Alumina shareholders in the absence of a superior proposal.

9.5 Other Matters

Taxation Consequences

Scrip for scrip capital gains tax rollover relief should be available to most Australian resident shareholders in relation to the Scheme consideration. This will defer the taxation of any capital gain until the Alcoa CDIs received as Scheme consideration are sold (or the Alcoa stock if subsequently converted). If a capital loss would have been realised, shareholders can elect not to "rollover" and the capital loss will crystallise.

Further details of the Australian taxation consequences for shareholders who are Australian resident individuals and hold their shares on capital account are set out in Section 9 of the Scheme Booklet. Shareholders should consult their own professional adviser in relation to the taxation consequences.

Transaction Costs

If the Scheme is not approved by shareholders or is otherwise not implemented, Alumina expects to pay costs (including legal and other adviser's fees as well as printing and mailing costs) of approximately $8-11 million (excluding goods and services tax) (equivalent to approximately 0.3-0.4 cents per Alumina share). In certain circumstances, Alumina will also be liable to pay Alcoa a $22 million break fee. If the Scheme is implemented, all transaction costs will effectively be borne by Alcoa (although Alumina shareholders will bear 31.6% of the total costs of the transaction that are incurred and/or paid after the Scheme is implemented).

9.6 Shareholder Decision

Grant Samuel has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is in the best interests of Alumina's shareholders and to state reasons for that opinion. Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of Alumina.

In any event, the decision whether to vote for or against the Scheme is a matter for individual shareholders based on each shareholder's views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder. If in any doubt as to the action they should take in relation to the Scheme, shareholders should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Alumina or Alcoa. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

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[100] Based on an analysis of Alumina's Top 100 Share Register Analysis as at 24 May 2024 (representing approximately 90% of Alumina's total issued shares).

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10 Qualifications, Declarations and Consent

10.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally across the Australian and New Zealand markets. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions in Australia. Since inception in 1988, Grant Samuel and its related companies have prepared more than 585 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Wilson MCom (Hons) CA SF Fin and Jaye Gardner BCom LLB (Hons) CA SF Fin GAICD. Each has a significant number of years of experience in relevant corporate advisory matters. Shaun Yu BBA CFA, Mitchell Skene BEng (Hons) BCom, Aidan Foott BCom LLB (Hons) and Junkyeom Kim BE (Hons) assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

10.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Scheme is in the best interests of shareholders. Grant Samuel expressly disclaims any liability to any Alumina shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Scheme Booklet issued by Alumina and has not verified or approved any of the contents of the Scheme Booklet. Grant Samuel does not accept any responsibility for the contents of the Scheme Booklet (except for this report).

10.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Alumina or Alcoa or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Samuel had no part in the formulation of the Scheme. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of A$950,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

10.4 Declarations

Alumina has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by the breach of contract, negligence, recklessness, fraud or misconduct of Grant Samuel. Alumina has also

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agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by Alumina are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been guilty of breach of contract, negligence, recklessness, fraud or misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to Alumina and its advisers. An advanced draft of the factual sections of this report was provided to Alcoa and its advisers. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

10.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Scheme Booklet to be sent to shareholders of Alumina. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

10.6 Other

The accompanying letter dated 7 June 2024 and the Appendices form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED

7 June 2024

Grant Samuel & Associates

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APPENDIX 1

GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS

The following terms used in this report (including the summary letter, the full report and the appendices) have the meanings set out below:

ALUMINA – GLOASSARY OF ABBREVIATIONS AND TECHNICAL TERMS

ABBREVIATION	DEFINITION
1HYXX	the six months ended 30 June 20XX (i.e. 1HY23 is the six months ended 30 June 2023)
1Q24	the first quarter of CY24 (i.e. the three months ended 31 March 2024)
4Q23	the fourth quarter of CY23 (i.s. the three months ended 31 December 2023)
A$	Australian dollars
ACCC	Australian Competition and Consumer Commission
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
CAPM	Capital Asset Pricing Model
Corporations Act	*Corporations Act 2001* (Cth)
CYXX	calendar year end 31 December 20XX (i.e. CY23 is the year ended 31 December 2023)
DCF	discounted cash flow
DPS	dividends per share (for Alumina) and dividends per share of common stock (for Alcoa)
EBITDA	earnings before net interest, tax, depreciation, amortisation and depletion, share of profit/(loss) from equity accounted associates and significant items
EBITA	earnings before net interest, tax, amortisation of acquired intangible assets, share of profit/(loss) from equity accounted associates and significant items.
EBIT	earnings before net interest, tax, share of profit/(loss) from equity accounted associates and significant items
EPS	earnings per share (for Alumina) and earnings per share of common stock (for Alcoa)
Fitch	Fitch Ratings, Inc.
FOB	free on board
GWh	gigawatt hours (1 GWh = 1,000 MWh)
Interest cover	EBIT divided by net interest expense
km	Kilometres
km^2	square kilometres
kt	thousand tonnes
ktpa	thousand tonnes per annum (equivalent to thousand metric tons per year)
Leverage	Net debt including lease liabilities divided by last 12 months EBITDA
Moody's	Moody's Investor Service
Mt	million tonnes
Mtpa	million tonnes per annum
MW	megawatts
MWh	megawatt hours
na	not available
nm	not meaningful
nmc	not a meaningful calculation
NPLAT	net profit/(loss) after tax before significnt items
NPV	net present value
NTA	net tangible assets, which is calculated as net assets less intangible assets

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ABBREVIATION	DEFINITION
NYSE	New York Stock Exchange
PPA	Power Purchase Agreement
renewable energy	energy derived from natural processes that are replenished constantly such as sunlight, wind and hydropower
Reported NPLAT	Net profit/(loss) after tax and signficiant items (i.e. as reported in the company's financial results)
RMB	Chinese renminbi
S&P	Standard & Poor's Global Ratings
SEC	United States Securities & Exchange Commission
t	tonne(s)
$, US$ or US dollars	United States dollars
VWAP	volume weighted average price
WACC	weighted average cost of capital

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APPENDIX 2

BROKER CONSENSUS FORECASTS

Alumina has not publicly released earnings forecasts for AWAC for CY24 or subsequent years. Accordingly, Grant Samuel has considered median broker forecasts.

Broker Consensus for AWAC

Set out below is a summary of forecasts prepared by brokers that follow Alumina and separately disclose forecasts for AWAC:

AWAC (100% BASIS) – ALUMINA BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	REVENUE		EBITDA		EBIT	
		CY24	CY25	CY24	CY25	CY24	CY25
Broker 1	18 Jan 24	4,410	4,700	701	885	-	-
Broker 2	27 Feb 24	4,472	4,331	835	1,259	-	-
Broker 3	27 Feb 24	4,368	4,600	787	1,165	-	-
Broker 4	18 Apr 24	4,508	4,620	456	638	146	327
Broker 5	18 Apr 24	5,443	5,689	466	944	152	628
Median		**4,472**	**4,620**	**701**	**944**	**149**	**478**

Source: Brokers' reports, Grant Samuel analysis

When reviewing this data, the following should be noted:

- the forecasts presented above represent the latest available broker forecasts for AWAC;
- while Alumina is currently followed by eight brokers, only five of the brokers separately disclose revenue and EBITDA forecasts for AWAC (of which only two updated their forecasts following the release of Alcoa's 1Q24 results);
- the wide range of EBITDA forecasts for CY24 and CY25 is impacted by a number of factors, including different assumptions in relation to average realised prices for aluminium and alumina sales; and
- as far as is possible to identify from a review of the brokers' reports, Grant Samuel believes that the earnings forecasts have been prepared on a consistent basis and do not incorporate any one-off adjustments or non-recurring items.

Grant Samuel has also considered the forecasts prepared by brokers that follow Alcoa that separately disclose earnings forecasts for the Alumina business segment. There are some limitations to this approach as the Alumina segment:

- the earnings forecasts do not necessarily represent all of AWAC, as it excludes earnings contributions from the Portland smelter;
- the earnings forecasts do not precisely reflect AWAC's alumina earnings, as it also includes contributions from Alcoa's interests in São Luis and in Poços de Caldas; and
- it is unclear to what extent brokers include restructuring costs in their estimates.

However, the analysis can still be helpful (at least directionally) although it should be noted that some of the reports are from January 2024. Set out below is a summary of forecasts for Alcoa's Alumina segment prepared by brokers that follow Alcoa:

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ALCOA'S ALUMINA SEGMENT – BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	EBITDA		EBIT	
		CY24	CY25	CY24	CY25
Broker 1	22 April 2024	486	451	-	-
Broker 2	18 April 2024	625	695	-	-
Broker 3	17 April 2024	627	718	265	367
Broker 4	18 January 2024	636	700		
Broker 5	17 January 2024	494	321	-	-
Median		**625**	**695**	**nmc**	**nmc**

Source: Brokers' reports, Grant Samuel analysis

Broker Consensus for Alcoa's Non-AWAC Assets

Grant Samuel has also considered broker forecasts for Alcoa's non-AWAC assets. However, the analysis is not straightforward as:

- not all brokers separately disclose earnings forecasts for each of Alcoa's business segments. Based on Grant Samuel's analysis, only five out of twelve brokers provide this level of detail;
- of the brokers that separately disclose earnings forecasts for the individual segments, only three has provided an update since the release of Alcoa's 1Q24 earnings results; and
- the earnings contributions from Alcoa's (via AWAC) 55% interest in the Portland smelter is included within the forecasts for the Aluminium segment. There is no "clean" way to disaggregate the information. In any event, its contribution is not expected to be material to the segment's earnings profile.

Set out below is a summary of forecasts for Alcoa's Aluminium segment prepared by brokers that follow Alcoa:

ALCOA'S ALUMINIUM SEGMENT – BROKER FORECASTS ($ MILLIONS)

BROKER	DATE	EBITDA		EBIT	
		CY24	CY25	CY24	CY25
Broker 1	22 April 2024	726	798	-	-
Broker 2	18 April 2024	614	1,305	-	-
Broker 3	17 April 2024	575	919	279	628
Broker 4	18 January 2024	618	984	-	-
Broker 5	17 January 2024	487	1,120	-	-
Median		**614**	**984**	**nmc**	**nmc**

Source: Brokers' reports, Grant Samuel analysis

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APPENDIX 3

SELECTION OF DISCOUNT RATE

1 Overview

A discount rate in the range of 10.5-11.0% has been selected as appropriate to apply to the forecast nominal ungeared after tax cash flows for AWAC, as Alumina's principal business operations.

The valuation of an asset or business involves estimating the discount rates that may be utilised by potential acquirers of that asset in assessing the net present value of expected future cash flows. There is a body of theory from which models that generate a cost of capital have been developed but the selection of a discount rate is still fundamentally a matter of judgement. Despite the widespread acceptance and application of various theoretical models, it is Grant Samuel's experience that many companies rely on less sophisticated approaches. Many businesses and investors use relatively arbitrary "hurdle rates" which do not vary significantly from investment to investment or change significantly over time despite movements in interest rates. Valuation is an estimate of what real world buyers and sellers of assets would pay and must therefore reflect parameters that will be applied in practice even if they are not theoretically correct. In other words, the objective is to estimate a discount rate that generates a value for the asset that is, as far as practically possible, consistent with market prices, whether that rate fits a particular theory or not. Grant Samuel considers the rates selected to be discount rates that acquirers would use in practice.

The cash flows of AWAC are denominated in US dollars and discounted on the basis of rates appropriate for international capital markets. Given that many of the potential acquirers of Alumina (or AWAC) are international vertically integrated aluminium producers, the assets are likely to be priced on the basis of costs of capital established in international capital markets.

The discount rate represents an estimate of the WACC appropriate for these business operations. Grant Samuel has calculated a WACC based on a weighted average of the cost of the two primary funding sources, equity and debt. This is the relevant rate to apply to ungeared cash flows. There are three main elements to the determination of an appropriate WACC:

- cost of equity;
- cost of debt; and
- debt/equity mix.

The cost of equity has initially been derived from application of the CAPM methodology. The CAPM is probably the most widely accepted and used methodology for determining the cost of equity capital. There are more sophisticated multivariate models which utilise additional risk factors but these models have not achieved any significant degree of usage or acceptance in practice. However, the cost of equity is not a precise or provable number nor can it be estimated with any degree of reliability. The cost of equity capital is not directly observable and models such as the CAPM do no more than infer it from other data using one particular theory about the way in which security prices behave. The usefulness of any estimate therefore depends on the efficacy of the theory and the robustness of the data but the available tools such as CAPM involve:

- models that have questionable empirical validity (and competing formulations);
- simplifying assumptions;
- the use of historical data as a proxy for estimates of forward looking parameters;
- data of dubious statistical reliability; and
- unresolved issues (such as the impact of dividend imputation).

The cost of debt has been determined by reference to the pricing implied by the debt markets in Australia and the United States. The cost of debt represents an estimate of the expected future returns required by debt providers. In determining the appropriate cost of debt over the period of the cash flows, regard was had to debt ratings of comparable companies.

The debt/equity mix represents an appropriate level of gearing, stated in market value terms, for the assets over the forecast period. However, it should be recognised that selection of the ratio involves a significant degree of simplification and a substantial level of judgement.

In summary, it is important not to over-engineer the process or to credit the output of models with a precision they do not warrant. It is easy to be captured by the accumulation of data and its apparent sophistication. A mechanistic application of formulae derived from theory can obscure the reality that any output from cost of capital models should be treated as a broad guide rather than an absolute truth.

The following sections set out the basis for Grant Samuel's determination of the discount rate for AWAC together with a discussion of the factors that limit the accuracy and reliability of the estimates.

2 Definition and Limitations of the CAPM and WACC

The CAPM provides a theoretical basis for determining a discount rate that reflects the returns required by diversified investors in the equity of the company (which is one component of the total capital funding structure). CAPM is based on the assumption that investors require a premium for investing in equities rather than in risk free investments (such as government bonds). The premium is commonly known as the market risk premium and notionally represents the premium required to compensate for investment in the equity market in general.

The risks relating to an asset or a business can be divided into specific risks and systematic risks. Specific risks are risks that are specific to a particular asset or business and are unrelated to movements in equity markets generally. While specific risks will result in actual returns varying from expected returns, it is assumed that diversified investors require no additional returns to compensate for specific risk, because the net effect of specific risks across a diversified portfolio will, on average, be zero. Portfolio investors can diversify away all specific risk.

However, investors cannot diversify away the systematic risk of a particular asset or business. Systematic risk is the risk that the return from an asset or business will vary with the market return in general. If the return on an investment was expected to be completely correlated with the return from the market, then the return required on the investment would be equal to the return required from the market (i.e. the risk free rate plus the market risk premium).

Systematic risk is affected by the following factors:

- financial leverage: additional debt will increase the impact of changes in returns on underlying assets and therefore increase systematic risk;
- cyclicality of revenue: projects and companies with cyclical revenues will generally be subject to greater systematic risk than those with non-cyclical revenues; and
- operating leverage: projects and companies with greater proportions of fixed costs in their cost structure will generally be subject to more systematic risk than those with lesser proportions of fixed costs.

CAPM postulates that the return required on an investment or asset can be estimated by applying to the market risk premium a measure of systematic risk described as the beta factor. The beta for an investment reflects the covariance of the return from that investment with the return from the market as a whole. Covariance is a measure of relative volatility and correlation. The beta of an investment represents its systematic risk only. It is not a measure of the total risk of a particular investment. An investment with a

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beta of more than one is riskier than the market as a whole and an investment with a beta of less than one is less risky. The discount rate appropriate for an investment which involves zero systematic risk would be equal to the risk free rate.

The formula for deriving the cost of equity using CAPM is as follows:

$$Re = Rf + Beta\ (Rm - Rf)$$

Where:

Re	=	the cost of equity capital;
Rf	=	the risk free rate;
Beta	=	the beta factor;
Rm	=	the expected market return; and
Rm - Rf	=	the market risk premium.

The beta for an asset or a business operation is normally estimated by observing the historical relationship between returns from the investment or comparable companies and returns from the market in general. The market risk premium is estimated by reference to the actual long run premium earned on equity investments by comparison with the return on risk free investments.

The formula conventionally used to calculate a WACC under a "classical tax system"[1] is as follows:

$$WACC = (Re \times E/V) + (Rd \times (1-t) \times D/V)$$

Where:

E/V	=	the proportion of equity to total value (where V = D + E);
D/V	=	the proportion of debt to total value;
Re	=	the cost of equity capital;
Rd	=	the cost of debt capital; and
t	=	the corporate tax rate

The models, while simple, are based on a sophisticated and rigorous theoretical analysis. Nevertheless, application of the theory is not straightforward and the discount rate calculated should be treated as no more than a general guide. The reliability of any estimate derived from the model is limited. Some of the issues are discussed below.

Overall Validity of the Model

The CAPM has been subject to intense criticism over many years with numerous empirical studies demonstrating that it does not accurately portray movements in individual share prices and has limited explanatory power. There are also competing formulations (such as the Sharpe-Lintner, Black, Brennan-Lally, Officer or Monkhouse models) which can give different results.

In addition:

- the CAPM is a single period model rather than one developed specifically for valuing long term cash flows. It has been adapted to a multi-period model (usually annually) to calculate the value of long term cash flows. Theoretically, the analysis should use a forecast of each of the parameters for each period in question (annual is no more correct than any other period) but, typically, a long term average is assumed for the sake of practicality;
- the CAPM assumes investors are diversified and therefore are not (and should not be) concerned with the specific risk of a particular investment. Behavioural economics suggests while this may be theoretically sensible, it doesn't actually reflect how investors behave or how they price risk; and

[1] A tax system not featuring dividend imputation or other variants such as advance corporation tax (i.e. dividends are paid out of after tax income and are subject to full tax in the hands of investors).

- it ignores all investor taxes, which may or may not have an impact in the real world. Even where models do attempt to reflect taxation effects, adjustments are usually based on assumed averages which may not be accurate or appropriate given the diversity of individual tax positions.

Risk Free Rate

Theoretically, the risk free rate used should be an estimate of the risk free rate in each future period (i.e. the one year spot rate in that year if annual cash flows are used). There is no official "risk free" rate but, in developed economies such as Australia and the United States, rates on government securities are typically used as an acceptable substitute. In practice, the long term government bond rate is used as the most practical estimate (even though rates for individual years could be interpolated). However, it should be recognised that the yield to maturity of a long term bond is only an average rate and where the yield curve is strongly positive (i.e. longer term rates are significantly above short term rates) the adoption of a single long term bond rate has the effect of reducing the net present value where the major positive cash flows are in the initial years. The long term bond rate is therefore only an approximation.

The ten year bond rate is a widely used and accepted benchmark for the risk free rate. Where the forecast period exceeds ten years, an issue arises as to the appropriate bond to use. While longer term bond rates are available, the ten year bond market is the deepest long term bond market in Australia and is a widely used and recognised benchmark. There is a limited market for bonds of more than ten years although the Australian government has recently issued 30 year bonds in volume. In the United States, there are deeper markets for longer term bonds. The 30 year bond rate would be a better benchmark for long term cash flows. However, long term rates accentuate the distortions of the yield curve on cash flows in early years. In any event, a single long term bond rate matching the term of the cash flows is no more theoretically correct than using a ten year rate. More importantly, the ten year rate is the standard benchmark used in practice.

Where cash flows are less than ten years in duration the opposite issue arises. An argument could be made that shorter term bond rates should be used in determining the discount rate for these assets (as would be the case for the remaining cash flows for the Kwinana refinery and potentially the San Ciprián refinery). While Grant Samuel believes this is a legitimate argument, an adjustment may give a misleading impression of precision for the whole methodology.

In practice, Grant Samuel believes acquirers would use a common rate. The ten year bond rate can be regarded as an acceptable standard risk free rate for medium to long term cash flows, particularly given its wide use.

Market Risk Premium

The market risk premium (Rm - Rf) represents the "extra" return that investors require to invest in equities as a whole over risk free investments. This is an "ex-ante" concept. It is the expected premium and, as such, it is not an observable phenomenon. There is no generally accepted approach to estimating a forward looking market risk premium and therefore the historical premium is used as the best available proxy measure. The premium earned historically by equity investments is usually calculated over a time period of many years, typically at least 30 years. This long time frame is used on the basis that short term rates of return are highly volatile and that a long term average return would be a fair indication of what most rational investors would expect to earn in the future from an investment in equities with a five to ten year time frame.

In the absence of controls over capital flows, differences in taxation and other regulatory and institutional differences, it is reasonable to assume that the market risk premium should be approximately equal across markets which exhibit similar risk characteristics after adjusting for the effects of expected inflation differentials. Accordingly, it is reasonable to assume similar (inflation adjusted) market risk premiums for

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first world countries enjoying political economic stability, such as Australia, New Zealand, the United States, Japan, the United Kingdom and various western European countries.

In the United States, it is generally postulated that the historical premium is in the range of 4-6% but there are widely varying assessments (from 3% to 9%). For example, Damodaran's latest estimate (1 April 2024) is 4.1%[2]. Australian studies have been more limited and mainly derive from the Officer Study[3] which was based on data for the period 1883 to 1987 (prior to the introduction of dividend imputation in Australia) and indicated that the long run average premium was in the order of 8% using an arithmetic average but subject to significant statistical error. More recently, the Officer Study data has been updated to 2017[4] with the long term average declining to around 6.5%. Due to concerns about the earlier market data, emphasis is now placed on the average risk premium since 1958, which is estimated to be 6.0% ignoring the impact of imputation (where imputation credits are valued at 100%, the market risk premium over the same period is 6.9%).

However, even the measurement or use of long term historical returns is subject to considerable debate:

- there are multiple different outcomes for the historical market risk premium depending on time period, basis (over long term bonds or shorter term bills), method (arithmetic or geometric averages) and estimation approach;
- the measures of historical returns typically have extremely high statistical error measures. For a, say, 6% average measured premium the "true" figure will typically lie in a range of 2-10% at a 95% confidence level;
- the methodology is inflexible and tends to fail when market conditions change materially. Market volatility is the reality of financial markets. Clearly, in the immediate aftermath of the global financial crisis (which commenced in late 2007), investors' perceptions of risk and the pricing of that risk rose significantly and rapidly. This can be demonstrated by the observable data from the pricing of lowly rated corporate bonds (which sit on the risk spectrum between risk free assets and equities) over this period. Yields to maturity rose dramatically in 2008 and 2009. However, long term average historical data will not flex to reflect these changes – an average of, say, 50 years of data will not move much even with 2-3 years of "new" data;
- the longer the period of measurement (and therefore the greater the "robustness" of the average) the more likely it is to reflect economic and market circumstances that have little resemblance to the present (is it really likely that investor returns prior to World War II are relevant to the kinds of returns investors expect today?); and
- the historical data also contains a logical contradiction – when the equity return required by investors is lower than the returns implied by market prices, investors respond by bidding the price of equities higher. A rising market translates to a higher measured historical risk premium, contrary to the lower return expectations driving the upwards movement in prices.

Beta Factor

The beta factor is a measure of the expected covariance (i.e. volatility and correlation of returns) between the return on an investment and the return from the market as a whole. The expected beta factor cannot be observed. The conventional practice is to calculate an historical beta from past share price data and use it as a proxy for the future but it must be recognised that:

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2 Source: Damodaran Online. Published by Aswath Damodaran, a professor at the Stern School of Business at NYU (stern.nyu.edu)

3 R.R. Officer in Ball, R., Brown, P., Finn, F. J. & Officer, R. R., "Share Market and Portfolio Theory: Readings and Australian Evidence" (second edition), University of Queensland Press, 1989 ("Officer Study").

4 S. Bishop, A. Carlton and T. Pan, "Market Risk Premium: Australian Evidence", Research Paper prepared for the Chartered Accountants Australia and New Zealand Business Valuation Specialists Conference, August 2018, Department of Applied Finance, Macquarie University. This paper is based on earlier work by J.C. Handley in 2012 and T. Brailsford, J.C. Handley and K. Maheswaran in 2008.

- the expected beta is not necessarily the same as the historical beta. A company's relative risk does change over time and measured historical betas can often reflect structural changes in an industry or in the company over the time period rather than its inherent correlation to the market;
- the starting point is normally to measure the historical correlation of a company's share price against its local market index. However:
  - the composition of indices varies substantially between markets. For example, the Australian index is dominated by banks and resources compared to other markets; and
  - where a company is extensively traded by global investors it can be argued that the regression against an index such as the Morgan Stanley Capital International Developed World Index ("MSCI"), an international equities market index that is widely used as a proxy for the global stockmarket as a whole, is more relevant but it:
    - depends on who the "price setting" investors are;
    - can give materially different results to measures based on the local index; and
    - raises a related issue as to whether a global risk premium is also appropriate and, if so, what that global premium is;
- the appropriate beta is the beta of the company being valued rather than the beta of the acquirer (which may be in a different business with different risks). Betas for the particular subject company may be utilised but these are seldom regarded as reliable enough (and may not be available if the company is not listed). Accordingly, it is common practice to utilise betas for comparable companies and sector averages (particularly as those may be more reliable). However, none of these other companies is likely to be exactly comparable to the subject entity (e.g. it may operate in other jurisdictions with different economic drivers, regulatory regimes and benchmark index composition). In any event, the comparable company data seldom yields a tight and consistent range from which a precise estimate can be derived. These issues are exacerbated by the lack of any publicly available market evidence for alumina focussed producers (besides Alumina); and
- there are very significant measurement issues with betas which mean that only limited reliance should be placed on such statistics. There is no "correct" beta. For example:
  - over the last four years Alumina's beta as measured by the Securities Industry Research Centre of Asia-Pacific ("SIRCA") has varied between 1.24 and 1.49 (in all cases, excluding March 2020[5]);
  - the standard error of SIRCA's estimate for Alumina at December 2023 was 0.3. This means that even at a 68% confidence level, the "true" beta is somewhere between 1.20 and 1.78 (and for 95% confidence is between 0.91 and 2.07); and
  - estimates of "predicted" betas made by providers such as Barra can be significantly different to the historically calculated beta. In the case of Alumina, its predicted beta is around 1.9 (against the local index) compared to its historical beta (as measured by Barra) of 1.5.

Debt/Equity Mix

The relevant measure of the debt/equity mix is based on market values (not book values). As beta is normally considered in the context of comparable companies as well as the subject company, the debt/equity mix should involve similar analysis. Accordingly, the relevant proportions of debt and equity are usually determined having regard to the financial gearing of the subject company, comparable companies and the industry in general as well as assessments of the appropriate level of gearing taking into account the nature and quality of the cash flow stream. However:

[5] SIRCA produces estimates that include and exclude return observations for the single month of March 2020, which experienced the second largest negative values for the entire market of any month since January 1974.

- a simple debt/equity mix is usually used for practicality but it represents a simplification of what are usually much more complex financial structures (e.g. hybrids, convertibles and lease obligations);
- a constant degree of leverage is typically assumed but this is seldom the case in practice;
- the debt/equity mix (measured over the same period as the historical beta is measured) can be volatile over time at an individual company level. Averages across time may give a more meaningful guide but in some circumstances this may not be appropriate;
- there is often a wide diversity of debt/equity ratios across companies in an industry. Moreover, there is often inconsistency between gearing ratios and betas (e.g. those with higher gearing may exhibit lower betas than their peers); and
- the measured beta factors for listed companies are "equity" betas and reflect the financial leverage of the individual companies. It is possible to unleverage beta factors to derive asset betas and releverage betas to reflect a more appropriate or comparable financial structure. In Grant Samuel's view, this technique is subject to considerable estimation error. Deleveraging and releveraging betas exacerbates the estimation errors in the original beta calculation and gives a misleading impression as to the precision of the methodology. Indeed, there are competing deleveraging formulae which give different results. Deleveraging and releveraging is also commonly calculated based on debt levels at a single point in time. This is incorrect as it is leverage over the same period as the beta was measured that is relevant (although this can be difficult to estimate accurately given that data points may be, at best, quarterly). Recent advice to the Australian Energy Regulator ("AER") stated that leverage adjustments were a *"worthless pursuit of spurious precision"* and recommended a raw estimate of the industry beta (if gearing is similar)[6].

Corporate Tax

The WACC calculation generally assumes a constant rate of corporate tax, typically the standard corporate rate. However, the tax position of many corporates, particularly multinationals, is usually much more complex and can change significantly over time.

Dividend Imputation

The conventional WACC formula set out above was formulated under a "classical" tax system. The CAPM model is constructed to derive returns to investors after corporate taxes but before personal taxes. Under a classical tax system, interest expense is deductible to a company but dividends are not. Investors are also taxed on dividends received.

Under Australia's dividend imputation system, domestic equity investors receive a taxation credit (franking credit) for any tax paid by a company. The franking credit attaches to any dividends paid out by a company and the franking credit offsets personal tax. To the extent the investor can utilise the franking credit to offset personal tax, then the corporate tax is not a real impost. It is best considered as a withholding tax for personal taxes. It can therefore be argued that the benefit of dividend imputation should be incorporated into any analysis of value.

There is no generally accepted method of allowing for dividend imputation. In fact, there is considerable debate within the academic and financial communities as to the appropriate adjustment or even whether any adjustment is required at all. Some suggest that it is appropriate to discount pre-tax cash flows, with an increase in the discount rate to "gross up" the market risk premium for the benefit of imputation credits that are on average received by shareholders. On this basis, the discount rate might increase by approximately 2% but it would be applied to pre-tax cash flows. However, not all of the necessary conditions for this approach exist in practice:

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[6] G. Partington and S. Satchell, "*Issues in releveraging beta and testing for structural breaks*", September 2017.

- not all shareholders can use franking credits. In particular, foreign investors gain no benefit from franking credits (except in relation to withholding taxes in some cases[7]). If foreign investors are the marginal price setters in the Australian market there should be no adjustment for dividend imputation;
- not all franking credits are distributed to shareholders; and
- capital gains tax operates on a different basis to income tax. Investors with high marginal personal tax rates will prefer cash to be retained and returns to be generated by way of a capital gain.

Others have proposed a different approach involving an adjustment to the cost of equity by a factor reflecting the effective use or value of franking credits (i.e. allowing for the proportion of taxed income paid out as dividends and the utilisation by investors). The proponents of this approach have in the past suggested a factor in the range 40-65% as representing the appropriate adjustment (gamma)[8] although more recent commentary suggests a lower level (~25%). The gamma can be applied to the cost of capital or, alternatively, the tax charge in the forecast cash flows can be decreased to incorporate the expected value of franking credits distributed (the usual approach by regulators).

In Grant Samuel's opinion, it is not appropriate to allow for dividend imputation for business valuation purposes:

- the underlying concept of gamma is flawed. The gamma is meant to represent some kind of complex market weighted average but the value of franking credits is essentially binary. They have 100% value to some (or many) domestic investors and 0% to foreign investors[7]. There is nobody to whom franking credits have a value equal to, say, 50% of their face value (i.e. there is no spectrum of outcomes to determine a meaningful "weighted average");
- there is no direct evidence that imputation credits are factored into market prices of listed companies or the prices paid in acquisitions. The primary "proof" appears to be based on dividend drop off studies but these face serious questions as to reliability of data and the interpretation of the outcome never mind that it does not address risk and other issues associated with the ability to use them over the longer term; and
- it is not consistent with what is happening in real world markets. The adoption of a gamma factor (of, say, 0.5) must, by definition, mean that companies in the Australian market are valued such that:
  - domestic investors (who can use 100% of imputation credits) earn a higher return than their cost of capital; and
  - offshore investors earn less than their required return.

  As such there should be no offshore investors in Australian (unless they have a lower cost of capital than domestic investors through some other means). It would also suggest that overseas acquirers of businesses in Australia would not be able to compete effectively with local acquirers. Rather, the evidence demonstrates that:
  - marginal sharemarket prices are not set using any value for gamma; but that
  - domestic investors enjoy a higher after tax return than comparably taxed offshore investors.

In summary, it is clear that dividend imputation affects returns to investors. However, the evidence gathered to date does not demonstrate or prove that franking credits are factored into the market price of

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7 Withholding tax on unfranked distributions will generally apply to portfolio investors in listed Australian entities but foreign companies (depending on their jurisdiction) are generally not subject to withholding tax on unfranked dividends of wholly owned Australian subsidiaries.

8 Under this construct the cost of equity is scaled by gamma ("δ") (i.e. $\text{Adjusted } Re = Re \times l-t/(1-t(1-\delta)))$. Assuming the standard Australian corporate tax rate of 30% and δ = 0.5, Re is multiplied by 0.82 (i.e. 0.70 divided by 0.85).

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listed companies or the prices paid in acquisitions. While acquirers are undoubtedly attracted by franking credits there is no clear evidence that they will actually pay extra for them or build it into values based on long term cash flows.

Specific Risk

The CAPM/WACC discount rate is designed to be applied to "expected cash flows" which are effectively a weighted average of the likely scenarios. The theoretical underpinning of CAPM is that there is no need or requirement to recognise specific (unsystematic) risks. To the extent that a business is perceived as being particularly risky, this specific risk should be dealt with by adjusting the cash flow scenarios. This avoids the need to make arbitrary adjustments to the discount rate which can dramatically affect estimated values, particularly when the cash flows are of extended duration or much of the business value reflects future growth in cash flows. In addition, risk adjusting the cash flows requires a more disciplined analysis of the risks that the valuer is trying to reflect in the valuation.

However, it is nevertheless common in practice to allow for certain classes of specific risk (particularly sovereign and other country specific risks) by adjusting the discount rate although it must be recognised that such adjustments compromise the theoretical integrity of the methodology. Moreover, there is little evidentiary base for measuring determining the size of any adjustments.

3 Calculation of WACC

3.1 Cost of Equity Capital

Risk Free Rate

Grant Samuel has adopted a risk free rate of 4.4%. The risk free rate approximates the most recent yield to maturity on ten year United States Treasury Bonds.

Market Risk Premium

Grant Samuel has consistently adopted a market risk premium of 6% and believes that this continues to be a reasonable estimate. It:

- is not statistically significantly different to the premium suggested by long term historical data;
- is similar to that used by a wide variety of analysts and practitioners as well as regulators (typically in the range 5-7%); and
- makes no explicit allowance for the impact of Australia's dividend imputation system.

Beta Factor

Grant Samuel has adopted a beta factor in the range 1.2-1.3 for valuing AWAC's business operations.

Due to the lack of listed alumina focussed producers, the market evidence from primary aluminium producers, all of which are vertically integrated (albeit to different extents) and have upstream alumina operations, has also been considered. Betas have been calculated on two bases – relative to each entity's home exchange index and relative to an international index (the aggregated world market for Barra and the MSCI for Bloomberg).

In Grant Samuel's view, betas estimated by reference to an international index are generally more relevant than those estimated relative to the local index, because they represent a better measure of investing in the aluminium value chain (especially in the context of measuring systematic risk of the portfolio of a diversified international operator such as a vertically integrated aluminium producer).

A summary of betas for selected comparable listed entities is set out in the table below:

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EQUITY BETA FACTORS FOR SELECTED ALUMINA/ALUMINIUM PRODUCERS

COMPANY	MARKET CAPITALISATION[9] (US$ BILLIONS)	BARRA			MONTHLY OBSERVATIONS OVER 4 YEARS			WEEKLY OBSERVATIONS OVER 2 YEARS	
		HISTORICAL[10]	PREDICTED[11]		SIRCA[12]	BLOOMBERG[13]		BLOOMBERG	
			LOCAL BETA	GLOBAL BETA[14]	LOCAL INDEX	LOCAL INDEX	MSCI[15]	LOCAL INDEX	MSCI
Alumina	**3.1**	**1.54**	**1.55**	**1.91**	**1.49**	**1.51**	**0.98**	**1.59**	**0.93**
REST OF WORLD									
Hindalco	17.1	1.20	1.17	1.06		1.83	1.36	1.58	0.79
Norsk Hydro	12.5	1.40	1.28	1.69		1.88	1.13	1.62	1.14
Rusal	5.1	0.22	0.99	1.00		0.70	0.77	0.56	0.07
Alcoa	4.8	3.27	1.94	2.21		2.24	2.61	1.76	2.17
Nalco	4.1	1.46	1.25	1.24		1.48	1.20	1.70	0.72
Century Aluminium	1.6	3.06	1.93	2.19		2.77	3.26	2.33	2.82
Median		***1.43***	***1.26***	***1.47***		***1.85***	***1.28***	***1.66***	***0.97***
CHINA									
Chalco	16.2	0.45	1.17	0.72		1.46	1.64	1.23	0.90
China Hongqiao	13.2	1.16	1.07	1.11		1.24	0.84	1.01	0.51
Yunnan	6.9	0.75	1.26	0.91		1.35	1.59	1.11	0.64
Shandong Nanshan	5.8	0.42	1.08	0.58		1.37	0.97	1.29	0.24
Median		***0.60***	***1.12***	***0.81***		***1.36***	***1.28***	***1.17***	***0.57***
KEY OBSERVATIONS									
Minimum		*0.22*	*0.99*	*0.58*		*0.70*	*0.77*	*0.56*	*0.07*
Maximum		*3.27*	*1.94*	*2.21*		*2.77*	*3.26*	*2.33*	*2.82*
Median		***1.18***	***1.21***	***1.09***		***1.47***	***1.28***	***1.44***	***0.76***

Source: SIRCA, Barra, Bloomberg

The observed betas across the industry show mixed results and demonstrate the difficultly of determining a reliable beta for AWAC:

- individual company betas:
  - fall in a very wide range. For example, Bloomberg Four Year MSCI betas range from 0.77 (Rusal) up to 3.26 (Century Aluminium) although this should be treated as an outlier;
  - vary significantly depending on whether the local or world market index is utilised. The differential can be as high as 1.0;

[9] Based on share prices as at 30 April 2024 except for entities that are currently the subject of corporate activity in which case the share price is the last trading price prior to announcement of the proposed corporate transaction.

[10] Historical beta factors calculated by Barra as at 31 March 2024 (the latest available published data) over a period of 60 months using ordinary least squares regression.

[11] Barra predicted beta is a "fundamental" beta based on a multi-factor model, which regresses historical company returns against the returns of a market index using company-risk and industry-risk factors, re-estimated on a monthly basis, within the regression equation.

[12] The Australian beta factors calculated by SIRCA as at December 2023 over a period of 48 months using ordinary least squares regression, excluding return observations for the single month of March 2020. Results are measured against a value weighted index of returns for all listed shares on the ASX.

[13] Bloomberg betas have been calculated up to 30 April 2024. Grant Samuel understands that betas estimated by Bloomberg are not calculated strictly in conformity with accepted theoretical approaches to the estimation of betas (i.e. they are based on regressing total returns rather than the excess return over the risk free rate). However, in Grant Samuel's view the Bloomberg beta estimates can still provide a useful insight into the systematic risks associated with companies and industries. The figures used are the Bloomberg "adjusted" betas.

[14] Global beta is the predicted beta of the asset with respect to the aggregated world market.

[15] MSCI is calculated using local currency so that there is no impact of currency changes in the performance of the index.

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- vary materially, depending on the data measurement source (e.g. SIRCA, Bloomberg or Barra) although they are generally well above 1.0;

- the Bloomberg Two Year betas are mostly lower than the Four Year betas (albeit not Alcoa). This may reflect the very wide swings in aluminium prices particularly the dramatic increase from early 2020 to early 2022 and the equally sharp decline over the rest of 2022. As a result, the longer term betas could be overstated if these spikes are not anticipated going forward. On the other hand, the longer term measures may be more reflective of the true risks of the industry;
- none of the selected comparable companies are directly comparable to AWAC, which is principally focused on producing alumina for third party markets. The other listed companies generally consume the alumina output within their vertically integrated operations.

  Moreover, the betas of these other companies may also be impacted by a number of factors that may have influenced their trading activity as they:

  - have exposures to downstream aluminium activities (e.g. Hindalco) or material investments in business operations unrelated to the aluminium value chain (e.g. Rusal);
  - operate within the Chinese aluminium market, which is subject to a different set of growth drivers, industry risks and cost factors (e.g. China Hongqiao); and
  - have a relatively more concentrated shareholder base, including a number of the companies backed by government owned entities (e.g. Norsk Hydro, Chalco and Yunnan)

  It is therefore difficult (and potentially incorrect) to place too much reliance on the beta observations of the peer group in determining the appropriate beta for AWAC;
- gearing levels vary significantly but this is not always consistent with beta factors. Alumina has a lower gearing ratio than most of the selected peers but this is arguably a product of its inefficient holding structure for AWAC (which constraints the amount of debt that it can carry). A hypothetical buyer of Alumina (which would be more diversified and have other cash flow streams to support its investment in AWAC) may not necessarily face the same constraints;
- the betas for Alumina represents a "pure" investment in AWAC but are equally problematic. The Bloomberg betas (against the MSCI) are around 1.0-1.1 whereas the Barra forecast beta is 1.9 measured against the global index. In contrast, the betas against the local indices for all providers is consistently at around 1.5-1.6; and
- Alcoa's betas effectively represent approximately 50% AWAC and 50% non AWAC. They are generally above 2.0 so would probably suggest betas for AWAC of at least 1.5.

In summary, the evidence does not provide a clear outcome particularly in light of the differences between AWAC and the peer group entities. Prima facie, the appropriate beta for AWAC should be lower than the peer group which are aluminium producers (albeit they may have integrated aluminium activities). The aluminium exposure means that they:

- face a more volatile commodity price (than alumina which has been more rangebound);
- have higher operating leverage; and
- are more exposed to energy costs.

In addition, they demonstrate higher gearing than that adopted for AWAC (at least for Chinese peers). Alumina's own beta may be more instructive for AWAC but it varies markedly across different measurement sources.

Taking all of these factors into account as well as the nature of AWAC's operations, Grant Samuel believes that a beta in the range 1.2-1.3 is a reasonable balancing of the available data.

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Calculation

Using the assumptions set out above, the cost of equity capital can be calculated as follows:

COST OF EQUITY CAPITAL

	LOW	HIGH
Formula	*Re = Rf + Beta (Rm – Rf)*	
Outcome	= 4.4% + (1.2 x 6%) **= 11.6%**	= 4.4% + (1.3 x 6%) **= 12.2%**

Grant Samuel recognises that there are arguments for adopting a lower equity risk premium in the context of the global asset base of AWAC and the nature of likely acquirers. A case could be made for a figure in the range 4-5%. However, the beta adjusted risk premium adopted above of 7.2-7.8% is still not unreasonable in this context. In effect, a 4-5% risk premium would imply a beta factor of 1.4-1.9 which is not out of line with Alumina's estimates, the medians for "rest of world" aluminium producers and well below Alcoa which generally exceeds 2.0.

3.2 Debt/Equity Mix

In determining an appropriate debt/equity mix, regard was had to gearing levels of Alumina and the peer group entities used in the beta analysis. Gearing levels (based on market values) for these entities for the past five years are set out below:

GEARING LEVELS FOR SELECTED ALUMINA/ALUMINIUM PRODUCERS

	FINANCIAL YEAR ENDED					CURRENT[16]	4 YEAR AVERAGE	5 YEAR AVERAGE
	HISTORICAL 5	HISTORICAL 4	HISTORICAL 3	HISTORICAL 2	HISTORICAL 1			
Alumina[17]	**(1.2%)**	**(1.2%)**	**(1.3%)**	**1.4%**	**7.8%**	**4.5%**	**1.7%**	**1.1%**
INTERNATIONAL								
Hindalco	65.7%	40.4%	25.6%	33.1%	21.1%	18.9%	30.0%	37.2%
Norsk Hydro	14.3%	9.1%	1.4%	0.8%	6.3%	9.2%	4.4%	6.4%
Rusal	9.8%	9.0%	3.9%	9.3%	12.2%	12.6%	8.6%	8.9%
Alcoa[17]	17.4%	16.6%	1.7%	5.7%	12.9%	12.6%	9.2%	10.8%
Nalco	(33.5%)	(22.2%)	(18.9%)	(16.4%)	(9.7%)	(7.9%)	(16.8%)	(20.2%)
Century	30.1%	20.9%	23.0%	38.9%	26.1%	21.4%	27.2%	27.8%
Median	***15.9%***	***12.8%***	***2.8%***	***7.5%***	***12.5%***	***12.6%***	***8.9%***	***9.9%***
CHINA								
Chalco	53.1%	49.2%	34.6%	37.2%	27.5%	23.1%	37.1%	40.3%
China Hongqiao	46.1%	30.0%	11.5%	28.4%	30.1%	21.5%	25.0%	29.2%
Yunnan	48.7%	35.4%	16.7%	7.9%	(1.6%)	(3.6%)	14.6%	21.4%
Shandong Nanshan	(22.4%)	(22.7%)	(19.2%)	(44.6%)	(87.8%)	(70.5%)	(43.6%)	(39.4%)
Median	***47.4%***	***32.7%***	***14.1%***	***18.2%***	***13.0%***	***8.9%***	***19.8%***	***25.3%***
KEY OBSERVATIONS								
Minimum	*(33.5%)*	*(22.7%)*	*(19.2%)*	*(44.6%)*	*(87.8%)*	*(70.5%)*	*(43.6%)*	*(39.4%)*
Maximum	*65.7%*	*49.2%*	*34.6%*	*38.9%*	*30.1%*	*23.1%*	*37.1%*	*40.3%*
Median	***23.8%***	***18.7%***	***7.7%***	***8.6%***	***12.5%***	***12.6%***	***11.9%***	***16.1%***

Source: IRESS, S&P Global Market Intelligence, Bloomberg, Grant Samuel analysis

16 Current gearing levels are based on the most recent balance sheet information and on share prices as at 30 April 2024, except for entities that are currently the subject of corporate activity, in which case the share price is the last trading price prior to announcement of the proposed corporate transaction.

17 Calculated using "look through" gearing given proportionate share of AWAC's net debt.

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AWAC's gearing (based on book values) has historically been relatively low (less than 10%) but this may have been largely a product of the joint venture agreement, which caps the amount (and type) of debt that AWAC can carry on its own balance sheet.

Alumina's gearing could be used as a proxy for AWAC's historical gearing but it, too, is impacted by the nature of its business as a holding company whose sole investment is its 40% interest in AWAC. In any event, Alumina's gearing has historically been relatively low (c.1%) but the gearing ratio has increased to around 10% as at 31 December 2023 due to the deterioration of AWAC's financial performance across a number of its operations and the requirement for Alumina to contribute cash to fund AWAC.

A more useful benchmark for assessing the debt/equity mix is the gearing ratios of comparable companies (in this case vertically integrated aluminium producers). Some observations can be made:

- Norsk Hydro and Alcoa (since deleveraging its balance sheet three years ago) generally have gearing ratios of around 5-15%. Both have vertically integrated operations that are principally located in North America, South America and Europe. While Rusal also has a material exposure to the mining industry (via Norilsk Nickel), its gearing levels are broadly in line with Alcoa and Norks Hydro's. However, it should be noted that Alcoa has substantial debt like obligations (in particular pension liabilities) that are not included in the calculations set out in the table above which materially increase its effective gearing;
- the Chinese focussed aluminium producers (with the exception of Shandong Nanshan) carry substantially higher gearing than the rest of the peers, but this may reflect the implied support from the government as state owned corporations; and
- some peers such as Nalco and Shandong Nanshan carry material net cash balances but this reflects the unique factors impacting each of the companies capital positions (e.g. financial policy to target a negative net debt position) and are therefore not relevant benchmarks in determining an appropriate debt/equity mix for AWAC.

The selection of an appropriate gearing level is highly judgemental. Having regard to the above, the debt/equity mix has been estimated as 10-15% debt and 85-90% equity. This is considered to be broadly consistent with a beta factor of around 1.2-1.3.

3.3 Cost of Debt

It is difficult to estimate the cost of debt for AWAC (assuming 10-15% gearing). Evidence from the company's own borrowing base are impacted by certain unique issues that make them unreliable in determining an estimated cost of debt for AWAC. For example:

- AWAC is permitted to raise very limited amount of debt for specific purposes (i.e. fund growth projects) and its borrowing capacity is further constrained by obligations by Alcoa under its own funding arrangements (see Section 4.2.2). As a consequence, AWAC has a very low level of gearing (less than 5%) relative to peers and the implied cost of debt from its facilities may not be reflective of a "true" cost of debt for the company with an (in theory) optimised capital structure;
- Alumina's corporate debt is impacted by its structurally subordinated position, which renders it dependent on timely receipt of cash flows from AWAC (via dividends) to meet debt obligations. In any event, Alumina's the margins on existing debt facilities were set several years ago under different capital market conditions and they are scheduled to mature in October 2025. It is yet to be tested what the pricing and terms would be for Alumina in the current market environment particularly given the recent downgrade of its credit rating; and
- Alcoa has historically carried a substantially higher level of debt and debt-like items than it peers. While the table set out in Section 3.2 illustrates a gradual reduction in its gearing, it does not paint the full picture of the debt-like items that it also carried (i.e. pension liabilities, asset retirement

obligations and environmental remediation liabilities). Capital markets evidence from Alcoa's corporate bonds is mixed:

- the most recent green bond issuance in March 2024 (due to mature in 2031) has traded at yields of between 6.8% and 7.0%, equivalent to an implied spread of around 220 basis points over comparable seven year United States Treasury Bonds;
- the other corporate bonds have shorter maturities (due to mature between 2027 and 2029) and have lower yields of around 6% that suggest spreads of under 150 basis points compared to United States Treasury Bonds (of corresponding tenors).

While some of the differential may be due to the remaining tenor of the bonds, it is not clear what other factors may be impacting their implied spreads over risk free rates.

Given the limitations of the evidence, Grant Samuel has assumed a cost of debt of 6.9%, which implies a margin of 2.5% over the risk free rate. This margin takes into account the estimated margin between government bonds (i.e. the risk-free rate) and lending benchmarks (i.e. interbank lending/swap rates) and debt issuance costs as well as the cost of maintaining an adequate level of liquidity through undrawn facility capacity and cash holdings (which can add significantly to the effective margin on net debt).

3.4 Calculated WACC and Selection

On the basis of the parameters outlined above and assuming a corporate tax rate of 30%, the nominal WACC can be calculated to be in the range 10.6-11.5%:

CALCULATED WACC

	LOW	HIGH
Formula	***= (Re x E/V) + (Rd x (1-t) x D/V)***	
Outcome	= (11.6% x 85%) + (6.9% x 0.7 x 15%) = 9.9% + 0.7% **= 10.6%**	= (12.2% x 90%) + (6.9% x 0.7 x 10%) = 11.0% + 0.5% **= 11.5%**

Based on these calculations set out above, a discount rate range of 10.5-11.0% has been selected for application in the DCF analysis for AWAC. The selection is skewed to the bottom of the range. Analysis of research reports indicates that brokers (that do publish their estimates) generally adopt a WACC for AWAC within the range 9.5-12%, although there is one outlier at 7.5%.

ANNEXURE B

Independent Limited Assurance Report

The Directors
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11 June 2024

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Alumina Limited historical financial information, Alcoa Corporation historical financial information and the Combined Group pro forma historical financial information and Financial Services Guide

We have been engaged by Alumina Limited (**Alumina**), Alcoa Corporation (**Alcoa**) and AAC Investments Australia 2 Pty Ltd (**Alcoa Bidder**) (together, the Combined Group) to report on each of the historical financial information of Alumina and Alcoa and the pro forma historical financial information of the Combined Group as defined below for inclusion in the scheme booklet dated on or about 11 June 2024 and relating to the issue of the scheme booklet to be issued to Alumina shareholders under the Corporations Act 2001 (Cth) pursuant to a Scheme Implementation Deed (the **Scheme Booklet**) between Alumina and Alcoa whereby Alcoa, through its wholly owned indirect subsidiary Alcoa Bidder, would, subject to certain conditions, acquire all of the issued shares in Alumina by way of a scheme of arrangement under the Corporations Act 2001 (Cth) (the **Scheme** or the **Transaction**).

Expressions and terms defined in the Scheme Booklet have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

Alumina Historical Financial Information

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of Alumina:

- Alumina Consolidated Statement of Profit or Loss for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 5.3.1 in section 5.3 (c) of the Scheme Booklet;
- Alumina Consolidated Balance Sheet as at 31 March 2024 as set out in table 5.3.2 in section 5.3 (d) of the Scheme Booklet;
- Alumina Consolidated Statement of Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 5.3.3 in section 5.3 (e) of the Scheme Booklet; and
- Alumina Consolidated Statement of Changes in Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 5.3.4 in section 5.3 (f) of the Scheme Booklet.

The historical financial information of Alumina has been prepared in accordance with the stated basis of preparation and Alumina's accounting policies, and derived from:

- Alumina's consolidated financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, which were prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and were audited by PricewaterhouseCoopers, in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued unqualified audit opinions in respect of these consolidated financial statements; and
- Alumina's condensed interim consolidated financial statements for the quarter ended 31 March 2024 was prepared in accordance with International Accounting Standard (**IAS**) 34 *Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all of the information and notes of the type normally included in annual financial statements. PricewaterhouseCoopers performed a review of Alumina's condensed interim consolidated financial statements in accordance with the American Institute of Certified Public Accountants (**AICPA**) – AU-C Sec. *930 Interim Financial Information*. PricewaterhouseCoopers issued an unqualified review report in respect of these condensed interim consolidated financial statements.

The respective audit opinion and review report for the year ended 31 December 2023 and quarter ended 31 March 2024 contain an emphasis of matter, drawing attention to the sections “Basis of preparation – going concern” and “Going concern” in the Notes to the consolidated financial statements and condensed interim consolidated financial statements respectively. The notes describe that Alumina has entered into a Scheme Implementation Deed with Alcoa and completion of the transaction will give rise to a review event under Alumina’s syndicated revolving cash advance facility agreement and that should a review event arise Alumina may be required by the lenders to repay without penalty (other than break costs) all outstanding loans together with accrued interest and other amounts within 90 business days of notice. These conditions, indicate that a material uncertainty exists that may cast significant doubt on the Alumina's ability to continue as a going concern. The audit opinion and review report are not modified in respect of this matter.

The historical financial Information of Alumina is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements, or comparative information that is required by Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act and/or International Financial Reporting Standards and IAS 34 (as applicable).

Alcoa Historical Financial Information

You have requested PricewaterhouseCoopers Securities Ltd to review the following historical financial information of the Alcoa:

- Alcoa Statement of Consolidated Operations for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 6.11.1 in section 6.11 (c) of the Scheme Booklet;
- Alcoa Consolidated Balance Sheet as at 31 March 2024 as set out in table 6.11.2 in section 6.11 (d) of the Scheme Booklet;
- Alcoa Statement of Consolidated Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 6.11.3 in section 6.11 (e) of the Scheme Booklet; and
- Alcoa Statement of Changes in Consolidated Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 6.11.4 in section 6.11 (f) of the Scheme Booklet.

The historical financial information of Alcoa has been prepared in accordance with the stated basis of preparation and Alcoa’s accounting policies, and derived from:

- Alcoa’s historical financial information for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, which were prepared in accordance with U.S. GAAP and were audited by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm for Alcoa in accordance with the standards of the Public Company Audit Oversight Board (United States) (**PCAOB**). PricewaterhouseCoopers LLP issued unqualified audit opinions on these consolidated financial statements; and

- the unaudited consolidated financial statements for the quarter ended 31 March 2024 which were prepared in accordance with U.S. GAAP and the applicable rules and regulations of the SEC for interim financial information. Accordingly, they do not contain all of the information and footnotes required by US GAAP for full financial statements. PricewaterhouseCoopers LLP performed the review of Alcoa's interim consolidated financial statements filed with the SEC in accordance with the standards of the PCAOB.

The historical financial information of Alcoa is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements, or comparative information that is required by U.S. GAAP applicable for full financial statements or financial statements prepared in accordance with the applicable rules and regulations of the SEC.

Combined Group Pro Forma Financial Information

You have requested PricewaterhouseCoopers Securities Ltd to review the following pro forma historical financial information of the Combined Group:

- Combined Group Pro Forma Statement of Consolidated Operations for the year ended 31 December 2023 and the quarter ended 31 March 2024 as set out in table 7.7.1 in section 7.7 (c) of the Scheme Booklet; and
- Combined Group Pro Forma Consolidated Balance Sheet as at 31 March 2024 as set out in table 7.7.4 in section 7.7 (d) of the Scheme Booklet,

which in each case assumes completion of the Scheme, the acquisition of the issued shares of Alumina under the Scheme and the issue of New Alcoa Shares to eligible Alumina Shareholders.

The Combined Group Pro Forma Statement of Consolidated Operations has been derived from the:

- Alcoa Statement of Consolidated Operations for the year ended 31 December 2023 and the quarter ended 31 March 2024, as outlined in section 6.11; and
- Alumina Consolidated Statement of Profit or Loss for the year ended 31 December 2023 and the quarter ended 31 March 2024, as outlined in section 5.3

and adjusted for the effects of pro forma adjustments described in the notes to table 7.7.2 in section 7.7 (c) and 7.7.3 in section 7.7 (c), being, Note 1 Reclassifications, Note 2 IFRS to U.S. GAAP Adjustments and Note 3 Transaction Accounting Adjustments.

The Combined Group Pro Forma Consolidated Balance Sheet as at 31 March 2024 has been derived from the:

- Alcoa Consolidated Balance Sheet as at 31 March 2024 as outlined in section 6.11; and
- Alumina Consolidated Balance Sheet as at 31 March 2024 as outlined in section 5.3

and adjusted for the effects of pro forma adjustments described in the notes to table 7.7.4 in section 7.7 (d) being, Note 1 Reclassifications, Note 2 IFRS to US GAAP Adjustments and Note 3 Transaction Accounting Adjustments.

The stated basis of preparation is the recognition and measurement principles contained in U.S. GAAP and Alcoa's adopted accounting policies applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 7.7 (b) of the Scheme Booklet, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Combined Group's actual or prospective financial performance or financial position.

Directors' responsibility

The directors of Alumina Limited are responsible for the preparation and presentation of the Alumina historical financial information and Alcoa management are responsible for the preparation and presentation of the Alcoa financial information and Combined Group Pro Forma Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Auditing Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagement*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Alumina historical financial information, Alcoa historical financial information and the Combined Group Pro Forma Financial Information based on the procedures we have performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review reports on any financial information used as a source of the Alumina historical financial information, Alcoa historical financial information and the Combined Group Pro Forma Financial Information.

Conclusions

Alumina Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Alumina historical financial information comprising the:

- Alumina Consolidated Statement of Profit or Loss for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 5.3.1 in section 5.3 (c) of the Scheme Booklet;
- Alumina Consolidated Balance Sheet as at 31 March 2024 as set out in table 5.3.2 in section 5.3 (d) of the Scheme Booklet;
- Alumina Consolidated Statement of Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter 31 March 2024 as set out in table 5.3.3 in section 5.3 (e) of the Scheme Booklet; and
- Alumina Consolidated Statement of Changes in Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 5.3.4 in section 5.3 (f) of the Scheme Booklet.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.3 (b) of the Scheme Booklet being the recognition and measurement principles contained in Australian Accounting Standards/International Financial Reporting Standards (as applicable) and Alumina's adopted accounting policies.

Material uncertainty related to going concern

We draw attention to the same facts and circumstances that were raised by PricewaterhouseCoopers' in their unmodified audit opinion on Alumina's 31 December 2023 financial report and the unmodified review report on the condensed interim consolidated financial statements for the quarter ended 31 March 2024, each of which included an emphasis of matter with respect to material uncertainty in relation to the ability of Alumina to continue as a going concern as Alumina has entered into a Scheme Implementation Deed with Alcoa and completion of the transaction will give rise to a review event under Alumina's syndicated revolving cash advance facility agreement. These conditions, along with other matters set forth in the section "Basis of preparation – going concern" and "Going concern" in the Notes to the consolidated financial statements and condensed interim consolidated financial statements respectively, indicate that a material uncertainty exists that may cast significant doubt on Alumina's ability to continue as a going concern. These same facts and circumstances remain in existence. Our report is not modified in respect of this matter.

Alcoa Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Alcoa historical financial information comprising the:

- Alcoa Statement of Consolidated Operations for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 6.11.1 in section 6.11 (c) of the Scheme Booklet;
- Alcoa Consolidated Balance Sheet as at 31 March 2024 as set out in table 6.11.2 in section 6.11 (d) of the Scheme Booklet;
- Alcoa Statement of Consolidated Cash Flows for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 6.11.3 in section 6.11 (e) of the Scheme Booklet; and
- Alcoa Statement of Changes in Consolidated Equity for the years ended 31 December 2023, 31 December 2022 and 31 December 2021, and the quarter ended 31 March 2024 as set out in table 6.11.4 in section 6.11 (f) of the Scheme Booklet.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6.11 (b) of the Scheme Booklet being in accordance with U.S. GAAP and in a manner consistent with Alcoa accounting policies.

Combined Group Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Combined Group Pro Forma Financial Information, as described in section 7.7 of the Scheme Booklet, and comprising:

- Combined Group Pro Forma Statement of Consolidated Operations for the year ended 31 December 2023 and the quarter ended 31 March 2024 as set out in table 7.7.1 in section 7.7 (c) of the Scheme Booklet; and
- Combined Group Pro Forma Consolidated Balance Sheet as at 31 March 2024 as set out in table 7.7.4 in section 7.7 (d) of the Scheme Booklet.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 7.7 (b) of the Scheme Booklet being in accordance with U.S. GAAP and in a manner consistent with Alcoa accounting policies.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to sections 5.3 (b), 6.11 (b) and 7.7 (b) of the Scheme Booklet, which describes the purpose of the respective Alumina historical financial information, Alcoa historical financial information and the Combined Group Pro Forma Financial Information, being for inclusion in the Scheme Booklet. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Scheme Booklet. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Scheme Booklet.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

D. C.

Darren Carton
Authorised Representative
PricewaterhouseCoopers Securities Ltd

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 11 June 2024

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Alumina Limited, Alcoa Corporation and AAC Investments Australia 2 Pty Ltd (“***Alumina, Alcoa and Alcoa Bidder*** “ respectively) to provide a report in the form of an Investigating Accountant's Report in relation to the Alumina historical financial information, Alcoa historical financial information and the Combined Group Pro Forma Financial Information (**the “Report**”) for inclusion in the Scheme Booklet in relation to the proposed Scheme dated 11 June 2024.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. **General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. **Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to AU$1.2 million including GST.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. **Complaints**

If, for any reason, you are not satisfied with the advice or service you receive from PwCS or from our authorised representatives, you are entitled to make a complaint.

If you wish to make a complaint please initially lodge your complaint with your adviser. We have established procedures to ensure all complaints are resolved quickly and fairly. A copy of our internal complaints handling procedure can be provided to you upon request.

If you do not receive a satisfactory outcome to your complaint, you have the right to contact the Australian Financial Complaints Authority ("AFCA"). AFCA provides independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Tel: 1800 931 678 (Free Call)

E-mail: info@afca.org.au
Website: www.afca.org.au

PwCS is a member of AFCA. You will not be charged for using the AFCA service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Darren Carton
PricewaterhouseCoopers Securities Ltd
Brookfield Place, 125 St Georges Terrace,
PERTH WA 6000

ANNEXURE C
Summary of Scheme Implementation Deed

On 12 March 2024, Alumina, Alcoa and Alcoa Bidder entered into the Scheme Implementation Deed, under which the parties agreed to implement the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out in this Annexure C. A fully copy of the Scheme Implementation Deed is available on ASX's website (www.asx.com.au) and Alumina's website (www.aluminalimited.com/announcements/).[64]

(a) Conditions Precedent (clause 3)

The Scheme is subject to a number of Conditions Precedent, including those set out in section 3.5.

The Scheme will not proceed unless all of the Conditions Precedent are satisfied or waived (where waiver is permitted) in accordance with the Scheme Implementation Deed.

Alumina and Alcoa have each agreed to use reasonable endeavours to procure satisfaction of each Condition Precedent as soon as practicable, and to ensure that there is no occurrence within its control that would prevent a relevant Condition Precedent from being, or remaining satisfied.

(b) Alumina board recommendation (clause 7.1)

Alumina must use its best endeavours to procure that no Alumina Director adversely changes, withdraws, qualifies or modifies their recommendation or voting intention statement from the form set out in the SID Announcement, unless:

- Alumina has received a Superior Proposal and, after complying with the matching right procedure in the Scheme Implementation Deed, the Alumina Board has determined in good faith and acting reasonably having received advice from its external counsel that by virtue of the fiduciary or statutory duties of the Alumina Directors they are required to change, withdraw, qualify or modify their recommendation;
- the Independent Expert's Report is amended or updated in writing to conclude that the Scheme is not in the best interests of the Alumina Shareholders; or
- the Court or ASIC requires or requests that the Alumina Director abstains from making a recommendation.

(c) Conduct of business (clause 9)

Alumina must carry on its business and operations in the ordinary and usual course, consistent with the manner that it has been conducted in the 12 months prior signing the Scheme Implementation Deed. In addition, subject to some exceptions, Alumina must not undertake certain specific activities relating to the conduct of its business without the consent of Alcoa. The Alumina conduct of business restrictions (and exceptions) are set out in full in clauses 9.1, 9.4 and 9.5 of the Scheme Implementation Deed.

Alcoa must carry out its business and operations in the ordinary and usual course in all material respects. In addition, subject to some exceptions, Alcoa must not undertake certain specific activities relating to the conduct of its business without the consent of Alumina. The Alcoa conduct of business restrictions (and exceptions) are set out in full in clauses 9.2, 9.3 and 9.5 of the Scheme Implementation Deed.

(d) Funding of equity calls (clause 9.6)

The Scheme Implementation Deed contains certain limited, temporary arrangements regarding funding of AWAC equity calls. In summary, the arrangements defer Alumina's obligation to make required capital contributions to AWAC if Alumina's net debt position exceeds US$420 million. Subject to certain accelerated repayment triggers, Alumina would be required to pay its equity calls (plus accrued interest) not later than 1 September 2025 in the event the Transaction is not completed. The accelerated repayment triggers include where Alumina has terminated the Scheme Implementation Deed due to a Superior Proposal and where Alcoa has terminated the Scheme Implementation Deed due to an Alumina Director making a public statement indicating that they support or endorse an Alumina Competing Transaction. The funding provisions are set out in full in clause 9.6 of the Scheme Implementation Deed.

(e) Exclusivity (clause 10)

The Scheme Implementation Deed contains the following customary exclusivity provisions applicable to both Alcoa and Alumina during the Exclusivity Period:

- **No shop:** Alcoa and Alumina must not directly or indirectly solicit, invite, facilitate, encourage or initiate enquiries, negotiations or discussions, or communicate an intention to do any of these things, with a view to obtaining any offer, proposal or expression of interest in relation to a Competing Transaction.
- **No talk:** Alcoa and Alumina must not directly or indirectly negotiate, accept or enter into (or agree to do any of these things), or facilitate, participate or continue in negotiations or discussions with any other person regarding, a Competing Transaction or any agreement that may be reasonably expected to lead to a Competing Transaction.
- **No due diligence:** Alcoa and Alumina must not, in relation to a Competing Transaction, directly or indirectly enable any person other than each other to undertake due diligence investigations on it and its business or make available to any other person, other than each other, any non-public information relating to it.
- **Notification:** Alumina must promptly inform Alcoa if it:
  - receives any approach with respect to any Alumina Competing Transaction from a third party and disclose material details of the Alumina Competing Transaction;
  - receives any request for information relating to Alumina, any of its Related Bodies Corporate or any of their businesses, or any request for access to the books or records of Alumina or any of its Related Bodies Corporate, which Alumina reasonably suspects may relate to an Alumina Competing Transaction; and
  - provides any information relating to Alumina, any of its Related Bodies Corporate or any of their businesses to any person in connection with an Alumina Competing Transaction.
- Alcoa must promptly inform Alumina on a confidential basis if it receives any written approach or request for information with respect to any Alcoa Competing Transaction from a third party, and disclose all material details of the Alcoa Competing Transaction.

64. On 21 May 2024, Alumina announced that it had entered into an amending deed to the Scheme Implementation Deed and ancillary documents (**Amending Deed**). A full copy of the **Amending Deed** was released on ASX (www.asx.com.au) and published on Alumina's website (https://www.aluminalimited.com).

- **Fiduciary exception:** The no-talk and no due diligence restrictions do not apply to the extent that they restrict Alcoa or Alumina (or their respective Boards of Directors) from taking or refusing to take action with respect to a genuine Competing Transaction (which was not solicited in breach of the Scheme Implementation Deed), provided that the relevant Board has determined that, after receiving written advice from its:
  – financial advisors, the Competing Transaction is, or could reasonably be considered to become, a Superior Proposal; and
  – legal advisers, failing to respond to the Competing Transaction would be reasonably likely to breach the relevant Board's fiduciary or statutory obligations.
- **Matching right:** Alumina must not enter into an agreement under which a third party, Alumina or both propose to undertake or give effect to an Alumina Competing Transaction, unless:
  – the Alumina Board acting in good faith and in order to satisfy its statutory or fiduciary duties (having received written advice from its external legal advisers) determines that the Alumina Competing Transaction is a Superior Proposal;
  – Alumina has provided Alcoa with the material terms and conditions of the Alumina Competing Transaction;
  – Alumina has given Alcoa at least 4 Pittsburgh Business Days to provide a matching or superior proposal to the terms of the Alumina Competing Transaction (**Alcoa Counterproposal**); and
  – Alcoa has not announced an Alcoa Counterproposal by the expiry of that period.

However, if Alcoa provides an Alcoa Counterproposal by the expiry of that period, Alumina must procure that the Alumina Board considers the Alcoa Counterproposal, and if acting in good faith, the Alumina Board determines that the Alcoa Counterproposal would provide an equivalent or superior outcome for Alumina Shareholders compared with the Alumina Competing Transaction, then Alumina and Alcoa will use their best endeavours to implement the Alcoa Counterproposal as soon as practicable. In these circumstances, Alumina must also procure that the Alumina Directors each maintain their recommendations as set out in sub-section (b) above with respect to the Alcoa Counterproposal.

(f) Break Fee (clause 11)

Alumina has agreed to pay the Break Fee to Alcoa in the following circumstances, provided that Alumina is not entitled to terminate the Scheme Implementation Deed due to a material breach of the Scheme Implementation Deed by Alcoa:

- **Alumina Competing Transaction:** an Alumina Competing Transaction is announced during the Exclusivity Period and completes within 12 months of the date of such announcement;
- **Change of Alumina Board recommendation:** Alcoa terminates the Scheme Implementation Deed where any Independent Alumina Director or Alumina's Managing Director and Chief Executive Officer fails to make their recommendation or voting intention statement in the form set out in the SID Announcement or withdraws or adversely modifies that recommendation or voting intention statement, except where:
  – the Independent Expert Report concludes that the Scheme is not in the best interests of the Alumina Shareholders, other than due to the existence of an Alumina Competing Transaction; or
  – the Court or ASIC requires or requests that the Alumina Director abstains from making a recommendation.
- **Superior Proposal:** Alumina terminates the Scheme Implementation Deed where Alumina receives an Alumina Competing Transaction and, after complying with the matching right and counterproposal procedures in the Scheme Implementation Deed, the Alumina Board determines that it constitutes a Superior Proposal and, having received advice from its external counsel, their fiduciary and statutory duties require Alumina to terminate the Scheme Implementation Deed, except where the Independent Expert concludes that the Scheme is not in the best interests of the Alumina Shareholders, other than due to the existence of an Alumina Competing Transaction.
- **Material breach:** Alumina terminates the Scheme Implementation Deed due to a material breach of the Scheme Implementation Deed by Alcoa.

If the Scheme becomes effective, no Break Fee will be payable by Alumina and any amount that has been paid as a Break Fee must be refunded by Alcoa.

Following payment of the Break Fee, neither Alcoa nor any of its Related Bodies Corporate may make any claim whatsoever whether for damages, loss, liability, compensation or other expenses or reimbursements against Alumina.

(g) Reverse Break Fee (clause 12)

Alcoa has agreed to pay the Reverse Break Fee to Alumina in the following circumstances, provided that Alcoa is not entitled to terminate the Scheme Implementation Deed due to a material breach of the Scheme Implementation by Alumina:

- **Alcoa Competing Transaction:** an Alcoa Competing Transaction is announced during the Exclusivity Period and completes within 12 months of announcement.
- **Alcoa Superior Proposal:** Alcoa terminates the Scheme Implementation Deed where Alcoa receives an Alcoa Superior Proposal and the Alcoa Board determines, having received advice from its external counsel, their fiduciary and statutory duties require Alcoa to terminate the Scheme Implementation Deed.
- **Change of Alcoa Board recommendation:** any Alcoa Board Member fails to recommend, withdraws, adversely changes, qualifies or modifies their recommendation that Alcoa Stockholders vote in favour of the Alcoa Stockholder Resolution.
- **Failure to obtain Alcoa Stockholder approval:** the Scheme Implementation Deed is terminated because of a failure to obtain Alcoa Stockholder approval.
- **Failure to provide Scheme Consideration:** Alcoa or Alcoa Bidder fails to provide the Scheme Consideration in accordance with the Scheme Implementation Deed, Scheme and Deed Poll.

- **Material breach:** Alumina terminates the Scheme Implementation Deed due to a material breach of the Scheme Implementation Deed by Alcoa.

If the Scheme becomes effective, no Reverse Break Fee is payable by Alcoa and any amount that has been paid as a Reverse Break Fee must be refunded by Alumina.

Following payment of the Reverse Break Fee by Alcoa, neither Alumina nor any of its Related Bodies Corporate may make any claim whatsoever whether for damages, loss, liability, compensation or other expenses or reimbursements against Alcoa.

(h) Representations and warranties (clause 13)

Alumina, Alcoa and Alcoa Bidder give each other representations and warranties, subject to certain qualifications and limitations, which are customary for a transaction of this nature. Alcoa Bidder also gives Alumina certain customary representations and warranties.

(i) Termination (clause 14)

Alumina may terminate the Scheme Implementation Deed in the following circumstances:

- **Change of Alcoa Board recommendation:** any Alcoa Director publicly changes their recommendation to Alcoa Stockholders that they vote in favour of the Alcoa Stockholder Resolution or makes a public statement that they no longer support the Scheme or endorse an Alcoa Competing Transaction.
- **Superior Proposal:** Alumina receives an Alumina Competing Transaction and, after complying with the matching right and counterproposal procedures the Scheme Implementation Deed, the Alumina Board determines that it constitutes a Superior Proposal and, having received advice from its external counsel, their fiduciary and statutory duties require Alumina to terminate the Scheme Implementation Deed.
- **Material breach:** Alcoa or Alcoa Bidder is in material breach of the Scheme Implementation Deed, provided Alumina has given notice in accordance with the Scheme Implementation Deed and the relevant circumstances continue to exist 10 Business Days after such notice.

Alcoa may terminate the Scheme Implementation Deed in the following circumstances:

- **Change of Alumina Board recommendation:** any Independent Alumina Director or Alumina's Managing Director and Chief Executive Officer fails to make their recommendation or voting intention statement in the form set out in the SID Announcement or withdraws or adversely modifies that recommendation or voting intention statement.
- **Alcoa Superior Proposal:** Alcoa receives an Alcoa Superior Proposal and the Alcoa Board determines, having received advice from its external counsel, their fiduciary and statutory duties require Alcoa to terminate the Scheme Implementation Deed.
- **Material breach:** Alumina is in material breach of the Scheme Implementation Deed, provided Alcoa has given notice in accordance with Scheme Implementation Deed and the relevant circumstances continue to exist 10 Business Days after such notice.

Either Alumina or Alcoa may terminate the Scheme Implementation Deed if the Scheme is not Effective by the End Date.

ANNEXURE D

Scheme of Arrangement

KING & WOOD MALLESONS
金杜律师事务所

Scheme of Arrangement

Alumina Limited (ACN 004 820 419) (**Alumina**)

Scheme Participants

King & Wood Mallesons
Level 27
Collins Arch
447 Collins Street
Melbourne VIC 3000
Australia
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DX 101 Melbourne
www.kwm.com

Scheme of Arrangement
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Scheme of Arrangement

Details

Parties		
Alumina	Name	**Alumina Limited**
	ACN	004 820 419
	Formed in	Victoria, Australia
	Address	Level 36, 2 Southbank Boulevard, Southbank, Victoria 3006 Australia
	Email	katherine.kloeden@aluminalimited.com
	Attention	Katherine Kloeden, General Counsel and Company Secretary
Scheme Participants	Each person registered as a holder of Alumina Shares in Alumina as at the Scheme Record Date.	
Governing law	Victoria	
Recitals	**A**	Alumina, Alcoa and Alcoa Bidder have agreed by executing the Scheme Implementation Deed to implement the Scheme on the terms of this document.
	B	This document imposes obligations on Alcoa and Alcoa Bidder that Alcoa and Alcoa Bidder have agreed to but does not impose an obligation on Alcoa or Alcoa Bidder to perform those obligations.
	C	Each of Alcoa and Alcoa Bidder have executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform the obligations attributed to it under this document.

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ACCC means the Australian Competition and Consumer Commission.

ADR Custodian means HSBC Custody Nominees (Australia) Limited (ACN 003 094 568) (in its capacity as custodian for Bank of New York Mellon acting in its capacity as the depositary of Alumina's American Depositary Receipt program).

ADR Depositary means Bank of New York Mellon acting in its capacity as the depositary of Alumina's American Depositary Receipt program.

Alcoa means Alcoa Corporation.

Alcoa Bidder means AAC Investments Australia 2 Pty Ltd (ACN 675 585 850) of c/- Ashurst, Level 16, 80 Collins Street, South Tower, Melbourne Victoria 3000 Australia.

Alcoa Preferred Share means one share of Series A Convertible Preferred Stock of Alcoa established pursuant to a certificate of designation in the form set forth at Schedule 2 of the Scheme Implementation Deed or as otherwise agreed in writing between Alcoa and Alumina and if necessary, the Court (the **Certificate of Designation**).

Alcoa Share means a share of common stock of Alcoa.

Alcoa Share Register means the register of stockholders maintained by Alcoa or its agent.

Alumina Share means a fully paid ordinary share in the capital of Alumina.

Alumina Shareholder means each person registered in the Register as a holder of Alumina Shares.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited, or the market operated by it, as the context requires.

ASX Official List means the official list of the entities that ASX has admitted and not removed.

ATO means the Australian Taxation Office.

Business Day means a business day as defined in the Listing Rules, provided that day is not a day on which banks in Melbourne, Victoria, Australia are authorised or required to close.

CDN means CHESS Depositary Nominees Pty Limited (ACN 071 346 506).

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.

CITIC Shareholders means each of:

(a) Bestbuy Overseas Co. Ltd;

(b) CITIC Resources Australia Pty Ltd; and

(c) CITIC Australia Pty Ltd.

CITIC Threshold has the meaning given to it in clause 5.4.

Corporations Act means the *Corporations Act 2001* (Cth).

Court means the Federal Court of Australia (sitting in Melbourne), or another court of competent jurisdiction under the Corporations Act agreed in writing by Alcoa and Alumina.

Deed Poll means the deed poll executed by Alcoa and Alcoa Bidder substantially in the form of Annexure C of the Scheme Implementation Deed or as otherwise agreed by Alcoa, Alcoa Bidder and Alumina under which each of Alcoa and Alcoa Bidder covenant in favour of each Scheme Participant to perform the actions attributed to it under this Scheme and the Scheme Implementation Deed.

Details means the section of this document headed "Details".

Effective, when used in relation to this Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or (2) of the PPSA, right of first refusal, pre-emptive rights, any similar restriction, or any agreement to create any of them or allow them to exist.

End Date means has the meaning given in the Scheme Implementation Deed.

Implementation Date means the fifth Business Day following the Scheme Record Date or such other date after the Scheme Record Date as is agreed by Alcoa and Alumina in writing, ordered by the Court or required by ASX.

Ineligible Foreign Shareholder means:

(a) an Alumina Shareholder whose Registered Address is in a place outside Australia and its external territories, British Virgin Island, Norway, Canada, Hong Kong, New Zealand, Singapore, Switzerland, the European Union, the United Arab Emirates, United Kingdom and the United States (unless otherwise agreed by Alcoa and Alumina, each acting reasonably), unless Alcoa (after consultation with Alumina) determines that it is lawful and not unduly onerous or unduly impracticable to issue that Alumina Shareholder with the New Alcoa CDIs on implementation of this Scheme; and

(b) an Alumina Shareholder that is not an Ineligible Foreign Shareholder under paragraph (a) of this definition, but only to the extent necessary to fund any Withholding Amount pursuant to clause 20(d) of the Scheme Implementation Deed.

Listing Rules means the Listing Rules of ASX and any other applicable rules of ASX modified to the extent of any express written waiver by ASX.

New Alcoa CDI means a CHESS Depositary Interest, being a unit of beneficial ownership in a New Alcoa Share (in the form of a CHESS Depositary Interest) registered in the name of CDN, or held beneficially by CDN, to be issued to Scheme Participants as Scheme Consideration under this Scheme.

New Alcoa Preferred Share means a fully paid Alcoa Preferred Share to be issued as Scheme Consideration under the Scheme in accordance with clause 5.4 of this Scheme.

New Alcoa Share means a fully paid Alcoa Share to be issued as Scheme Consideration to Scheme Participants under this Scheme (including those issued to CDN in connection with the New Alcoa CDIs).

NYSE means the New York Stock Exchange or any other stock exchange in the United States of America upon which the Alcoa Shares are listed.

NYSE Listing Rules means the applicable rules and standards contained in the NYSE Listed Company Manual.

Pittsburgh Business Day means a business day as defined in the NYSE Listing Rules, provided that day is not a day on which the banks in Pittsburgh, Pennsylvania, United States of America are authorised or required to close.

PPSA means the *Personal Property Securities Act 2009* (Cth)

Proceeds has the meaning given to it in clause 6.4(b)(ii).

Register means the register of members of Alumina maintained by or on behalf of Alumina in accordance with the Corporations Act.

Registered Address means, in relation to an Alumina Shareholder, the address shown in the Register as at the Scheme Record Date.

Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or such other person nominated by Alumina to maintain the Register.

Regulatory Authority means:

(a) ASX, ACCC, ASIC, FIRB, the ATO and the Takeovers Panel;

(b) the SEC and the NYSE;

(c) the Brazil Administrative Council for Economic Defense;

(d) any national, federal, state, county, municipal, local or foreign government or governmental, semi-governmental, judicial, executive, legislative or regulatory entity or authority;

(e) any minister, department, office, commission, delegate, instrumentality, agency, board, authority, organisation, bureau, department or other political subdivision of any government;

(f) any regulatory organisation established under statute; and

(g) any quasi-governmental, self-regulatory agency, commission or authority, including any national securities exchange or national quotation system.

Sale Agent means an entity or person appointed by Alcoa in accordance with clause 4.6(b) of the Scheme Implementation Deed to sell New Alcoa Shares that are to be issued under clause 6.4(a) of this Scheme.

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act under which all the Alumina Shares will be transferred to Alcoa Bidder together with any amendment or modification made pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Alumina and Alcoa in accordance with this Scheme.

Scheme Consideration means the consideration to be provided by Alcoa Bidder (or by Alcoa on behalf of and at the direction of Alcoa Bidder) for the transfer of Alumina Shares held by a Scheme Participant to Alcoa Bidder, being:

(a) in respect of each Alumina Share held by a Scheme Participant on the Scheme Record Date, 0.02854 New Alcoa CDIs;

(b) where clause 5.4 applies, in respect of each Alumina Share held by a CITIC Shareholder that would result in the CITIC Threshold being exceeded, 0.02854 New Alcoa Preferred Shares and, for the avoidance of doubt, 0.02854 New Alcoa CDIs for each other Alumina Share held by a CITIC Shareholder on the Scheme Record Date; or

(c) where clause 6.2(c) applies, in respect of each Alumina Share held by ADR Depositary or ADR Custodian on the Scheme Record Date, 0.02854 New Alcoa Shares.

Scheme Implementation Deed means the scheme implementation deed dated 12 March 2024 between Alumina, Alcoa and Alcoa Bidder as amended from time to time under which, amongst other things, Alumina has agreed to propose this Scheme to Alumina Shareholders, and each of Alcoa, Alcoa Bidder and Alumina has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting of Alumina Shareholders, ordered by the Court to be convened by Alumina pursuant to section 411(1) of the Corporations Act at which Alumina Shareholders will vote on this Scheme and including any meeting following an adjournment or postponement of that meeting.

Scheme Participant means each person who is an Alumina Shareholder on the Scheme Record Date.

Scheme Record Date means 7.00pm on the second Business Day following the Effective Date or such other date as Alumina and Alcoa agree in writing.

Scheme Share means an Alumina Share held by a Scheme Participant as at the Scheme Record Date and, for the avoidance of doubt, includes any Alumina Shares issued on or before the Scheme Record Date.

Scheme Share Transfer means a duly completed proper instrument of transfer of the Scheme Shares for the purposes of section 1071B of the Corporations Act, which will be a master transfer of all Scheme Shares.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or scheduled to be heard or, if the application is adjourned for any reason means the date on which the adjourned application is heard or scheduled to be heard.

TAA means the *Taxation Administration Act 1953* (Cth).

Unclaimed Money Act means the *Unclaimed Money Act 2008* (Vic).

Withholding Amount means the amount that Alcoa or Alcoa Bidder is required to pay to the Commissioner of Taxation under Subdivision 14-D of Schedule 1 of the TAA in respect of the acquisition of any Alumina Shares from a Withholding Amount Shareholder pursuant to this Scheme.

Withholding Amount Shareholder means an Alumina Shareholder who is described in clause 20(a) of the Scheme Implementation Deed.

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

(a) the singular includes the plural and vice versa;

(b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);

(c) a reference to a document also includes any variation, replacement or novation of it;

(d) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;

(e) the word “extent” in the phrase “to the extent” means the degree to which a subject or other thing extends, and does not simply mean “if”;

(f) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;

(g) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(h) a reference to a time of day is a reference to the time in Melbourne, Australia;

(i) a reference to “**law**” includes common law, principles of equity and legislation (including regulations);

(j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;

(k) a reference to “**regulations**” includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);

(l) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;

(m) a reference to any thing (including an amount) is a reference to the whole and each part of it;

(n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;

(o) if a party must do something under this document on or by a given day and it is done after 5.00pm on that day, it is taken to be done on the next day;

(p) if the day on which a party must do something under this document is not a Business Day, the party must do it on the next Business Day; and

(q) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision.

2 Preliminary

2.1 Agreement to implement this Scheme

(a) Alumina, Alcoa and Alcoa Bidder have agreed, by executing the Scheme Implementation Deed, to implement this Scheme on the terms and conditions of the Scheme Implementation Deed.

(b) This Scheme attributes actions to Alcoa and Alcoa Bidder but does not itself impose an obligation on Alcoa or Alcoa Bidder to perform those actions. Each of Alcoa and Alcoa Bidder has undertaken, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including in the case of Alcoa Bidder the provision or procuring of the provision of the Scheme Consideration to the Scheme Participants subject to the terms and conditions of this Scheme.

2.2 Alumina

Alumina is:

(a) a public company limited by shares;

(b) incorporated in Australia and registered in Victoria; and

(c) admitted to the ASX Official List and Alumina Shares are quoted for trading on ASX.

2.3 Alcoa

Alcoa is a corporation incorporated under the laws of the State of Delaware in the United States of America and Alcoa Shares are listed on the NYSE.

2.4 Alcoa Bidder

Alcoa Bidder is:

(a) a proprietary company limited by shares; and

(b) incorporated in Australia and registered in Victoria.

2.5 If Scheme becomes Effective

If this Scheme becomes Effective:

(a) in consideration of the transfer of each Scheme Share to Alcoa Bidder, Alcoa Bidder will provide (or procure the provision of) the Scheme Consideration to each Scheme Participant in accordance with the terms of this Scheme and the Deed Poll;

(b) subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on the Implementation Date:

(i) all Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Alcoa Bidder; and

(ii) Alumina will enter the name of Alcoa Bidder in the Register in respect of all of the Scheme Shares transferred to Alcoa Bidder in accordance with the terms of this Scheme.

3 Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) neither the Scheme Implementation Deed nor the Deed Poll having been terminated in accordance with its terms;

(b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Deed having been satisfied or waived (other than the condition precedent in clause 3.1f of the Scheme Implementation Deed relating to Court approval of this Scheme) in accordance with the terms of the Scheme Implementation Deed;

(c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Alumina and Alcoa having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;

(d) subject to clause 10.1, such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by Alcoa and Alumina having been satisfied or waived; and

(e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme on or before the End Date (or any later date Alumina and Alcoa agree in writing in accordance with the Scheme Implementation Deed).

3.2 Conditions precedent and operation of clause 5

The satisfaction of each condition of clause 3.1 of this Scheme is a condition precedent to the operation of clause 5 of this Scheme.

3.3 Certificate in relation to conditions precedent

(a) Alcoa and Alumina must each provide to the Court on the Second Court Date a certificate in a form agreed by Alumina and Alcoa, acting reasonably, (or such other evidence as the Court requests) confirming (in respect of matters within its knowledge) whether or not the conditions precedent set out in clause 3.1(a) and clause 3.1(b) of this Scheme have been satisfied or waived (but in the case of the condition precedent in clause 3.1(b) only in respect of the applicable conditions in clause 3.1 of the Implementation Deed included for that party's benefit).

(b) The certificates referred to in clause 3.3(a) will constitute conclusive evidence (in the absence of manifest error) of whether the conditions precedent referred to in clause 3.1(a) and clause 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

Without limiting any rights or obligations under the Scheme Implementation Deed, this Scheme will lapse and be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Alcoa and Alumina otherwise agree in writing (and, if required, as approved by the Court).

5 Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, Alumina must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court provides its written orders approving this Scheme or such later time as agreed in writing with Alcoa.

5.2 Transfer and registration of Alumina Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.4 of this Scheme:

(a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Alcoa Bidder without the need for any further act by any Scheme

Participant (other than acts performed by Alumina as attorney and agent for Scheme Participants under clause 5.9 of this Scheme) by:

(i) Alumina delivering to Alcoa Bidder a Scheme Share Transfer duly executed on behalf of the Scheme Participants; and

(ii) Alcoa Bidder duly executing the Scheme Share Transfer as transferee and delivering it to Alumina for registration; and

(b) immediately following receipt of the duly executed Scheme Share Transfer, but subject to the stamping of that Scheme Share Transfer (if required), Alumina must enter, or procure the entry of, the name of Alcoa Bidder in the Register in respect of all of the Scheme Shares transferred to Alcoa Bidder in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Alcoa Bidder of all of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 CITIC Shareholders

Where, on the Implementation Date:

(a) Alcoa Shares (including the New Alcoa CDIs) that the CITIC Shareholders, collectively, would receive as Scheme Consideration without giving effect to this clause 5.4;

(b) less any New Alcoa Shares that a CITIC Shareholder would have otherwise been entitled to as Scheme Consideration (in the form of New Alcoa CDIs) that will instead be sold via the sale facility described in clause 6.4, as contemplated by clause 20(d) of the Scheme Implementation Deed to fund any applicable Withholding Amount,

represent beneficial ownership in aggregate of more than 4.5% of the number of Alcoa Shares (including the New Alcoa Shares) that would be issued and outstanding on the Implementation Date (**CITIC Threshold**), the Scheme Consideration to which the CITIC Shareholders, collectively, are entitled to in excess of the CITIC Threshold must instead be issued as New Alcoa Preferred Shares to Bestbuy Overseas., Co. Ltd.

5.5 Title and rights in Scheme Shares

(a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, Alcoa Bidder will be beneficially entitled to the Scheme Shares transferred to it under this Scheme, pending registration by Alumina of Alcoa Bidder in the Register as the holder of the Scheme Shares.

(b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Alcoa Bidder will, at the time of transfer, vest in Alcoa Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind.

5.6 Scheme Participant's agreements

Under this Scheme, each Scheme Participant irrevocably and without the need for any further act by the Scheme Participant:

(a) subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 to 6.4 of this Scheme:

(i) agrees for all purposes to the transfer of their Scheme Shares together with all rights and entitlements attaching to those Scheme Shares in accordance with this Scheme;

(ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme; and

(iii) agrees to, on the direction of Alcoa Bidder, destroy any holding statements or share certificates relating to their Scheme Shares;

(b) if the Scheme Participant is not an Ineligible Foreign Shareholder, agrees to become a member of Alcoa, to have their name entered in the Alcoa Share Register, accepts the New Alcoa CDIs, New Alcoa Preferred Shares and/or New Alcoa Shares (as applicable) issued to them and agrees to be bound by Alcoa's certificate of incorporation and by-laws;

(c) agrees and acknowledges that the issue of New Alcoa CDIs, New Alcoa Preferred Shares and/or New Alcoa Shares (as applicable) in accordance with clause 6.2 or the provision of the Proceeds in accordance with clause 6.4(c) constitutes satisfaction of all their entitlements to Scheme Consideration under this Scheme;

(d) acknowledges that this Scheme binds Alumina and all of the Scheme Participants from time to time (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Alumina; and

(e) consents to Alumina and Alcoa and Alcoa Bidder doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

5.7 Warranty by Scheme Participants

(a) Each Scheme Participant warrants to Alcoa Bidder and is deemed to have authorised Alumina to warrant to Alcoa Bidder as agent and attorney for the Scheme Participant by virtue of this clause 5.7, that on the Implementation Date:

(i) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Alcoa Bidder under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances;

(ii) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Alcoa Bidder under the Scheme; and

(iii) they have no existing right to be issued any Alumina Shares, or any options, performance rights, securities or other instruments exercisable, or convertible, into Alumina Shares.

(b) Alumina undertakes that it will provide such warranty in clause 5.7(a) to Alcoa Bidder as agent and attorney of each Scheme Participant.

5.8 Appointment of Alcoa Bidder as sole proxy

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6.2 of this Scheme, on and from the Implementation Date until Alumina registers Alcoa Bidder as the holder of all of the Alumina Shares in the Register, each Scheme Participant:

(a) is deemed to have irrevocably appointed Alcoa Bidder as attorney and agent (and directed Alcoa Bidder in such capacity) to appoint Alcoa Bidder and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Alumina Shares registered in its name and sign any shareholders resolution or document (whether in person, by proxy or corporate representative);

(b) must not attend or vote at any Alumina shareholders' meetings, exercise the votes attaching to Scheme Shares registered in its name or sign any Alumina shareholders' resolution, whether in person, by proxy or by corporate representative (other than pursuant to clause 5.8(a));

(c) must take all other actions in the capacity of the registered holder of Alumina Shares as Alcoa Bidder reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 5.8(a), Alcoa Bidder and any director may act in the best interests of Alcoa Bidder as the intended registered holder of the Scheme Shares.

5.9 Appointment of Alumina as attorney for implementation of Scheme

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Alumina and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

(a) on the Implementation Date, executing any document or doing or taking any other act necessary, desirable or expedient, or incidental to give effect to this Scheme and the transactions contemplated by it including executing and delivering any executed Scheme Share Transfer and any other deed or document reasonably required by Alcoa, that causes each Scheme Participant (or the Sale Agent, if applicable) to become a shareholder of Alcoa or holder of New Alcoa CDIs and to be bound by the certificate of incorporation and by-laws of Alcoa; and

(b) on and from the Effective Date, enforcing the Deed Poll against Alcoa and Alcoa Bidder,

and Alumina accepts such appointment and undertakes in favour of each Scheme Participant to enforce the Deed Poll against Alcoa and Alcoa Bidder on behalf of and as agent and attorney for the Scheme Participants. Alumina as attorney and agent of each Scheme Participant may sub-delegate its functions, authorities or powers under this clause 5.9 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

6 Scheme Consideration

6.1 Consideration under this Scheme

On the Implementation Date, Alcoa Bidder:

(a) must provide or procure as set out in clause 6.1(b) the provision of, in consideration for the transfer to Alcoa Bidder of the Alumina Shares, the Scheme Consideration to the Scheme Participants in accordance with this clause 6; and

(b) agrees to cause Alcoa to, and Alcoa must at the direction of and on behalf of Alcoa Bidder (in satisfaction of Alcoa Bidder's obligation to provide such Scheme Consideration under clause 6.1(a)), issue the Scheme Consideration in accordance with this clause 6. If Alcoa Bidder fails to provide direction to Alcoa as contemplated by this clause 6.1(b) (or to have otherwise procured the provision of the Scheme Consideration) within 1 Business Day following the Effective Date, Alcoa Bidder will be deemed to have provided such direction to Alcoa and Alcoa agrees that it will take the actions required by this clause 6.1(b).

6.2 Provision of Scheme Consideration

Subject to the other provisions of this clause 6, the obligations of Alcoa Bidder to provide or procure the provision of the Scheme Consideration to the Scheme Participants will be satisfied:

(a) in the case of Scheme Consideration that is required to be provided to Scheme Participants in the form of New Alcoa CDIs, by Alcoa Bidder procuring:

(i) the issue to CDN to be held on trust that number of New Alcoa Shares that will enable New Alcoa CDIs to be issued as envisaged by this clause 6 on the Implementation Date;

(ii) that the name and address of CDN is entered into the Alcoa Share Register in respect of those New Alcoa Shares no later than the Implementation Date;

(iii) that a holding statement (or equivalent document) in the name of CDN representing those New Alcoa Shares or such other document evidencing the issuance of those New Alcoa Shares to CDN is sent to CDN;

(iv) that on the Implementation Date, each such Scheme Participant is issued with the number of New Alcoa CDIs to which it is entitled under this clause 6;

(v) that on the Implementation Date, the name of each such Scheme Participant is entered in the records maintained by Alcoa as the holder of the New Alcoa CDIs issued to that Scheme Participant on the Implementation Date;

(vi) in the case of each such Scheme Participant who held Scheme Shares on the CHESS subregister, that:

(A) the New Alcoa CDIs are held on the CHESS subregister on the Implementation Date; and

(B) on the second Business Day after the Implementation Date sending or procuring the sending of an allotment advice that sets out the number of New Alcoa CDIs held on the CHESS subregister by that Scheme Participant; and

(vii) in the case of each such Scheme Participant who held Scheme Shares on the issuer sponsored subregister, that:

(A) the New Alcoa CDIs are held on the issuer sponsored subregister on the Implementation Date; and

(B) on the second Business Day after the Implementation Date sending or procuring the sending of a holding statement to each such Scheme Participant which sets out the number of New Alcoa CDIs held on the issuer sponsored subregister by that Scheme Participant; and

(b) in the case of Scheme Consideration that is required to be provided to a Scheme Participant in the form of New Alcoa Preferred Shares, by Alcoa Bidder procuring that:

(i) on the Implementation Date, that Scheme Participant is issued with the number of New Alcoa Preferred Shares to which it is entitled under clause 5.4 and this clause 6 and the name and address of that Scheme Participant is entered into the Alcoa Share Register in respect of those New Alcoa Preferred Shares; and

(ii) a holding statement (or equivalent document) or evidence of book entry on the share ledger is sent to each such Scheme Participant which sets out the number of New Alcoa Preferred Shares issued to the Scheme Participant pursuant to this Scheme.

(c) in the case of Scheme Consideration that is required to be provided to ADR Depositary or ADR Custodian, by Alcoa Bidder procuring that:

(i) on the Implementation Date, ADR Depositary or ADR Custodian (as applicable) is issued with New Alcoa Shares to which it is entitled under this clause 6 and, the name and address of ADR Depositary or ADR Custodian (as applicable) is entered in the Alcoa Share Register with respect to those New Alcoa Shares; and

(ii) on or before the date that is 5 Business Days after the Implementation Date, a holding statement (or equivalent document) is sent to the Registered Address of ADR Depositary or ADR Custodian (as applicable) representing the number of New Alcoa Shares issued to ADR Depositary or ADR Custodian (as applicable) pursuant to the Scheme.

6.3 Fractional entitlements

(a) If the number of Alumina Shares held by a Scheme Participant at the Scheme Record Date is such that the aggregate entitlement of the Scheme Participant to New Alcoa CDIs, New Alcoa Preferred Shares or New Alcoa Shares (as applicable) includes a fractional entitlement to a New Alcoa CDI, a New Alcoa Preferred Share or a New Alcoa Share (as applicable), the entitlement will be rounded to the nearest whole number of New Alcoa CDIs, New Alcoa Preferred Shares or New Alcoa Shares (as applicable) as follows:

(i) if the fractional entitlement is less than 0.5, the entitlement will be rounded down; and

(ii) if the fractional entitlement is equal to or more than 0.5, the entitlement will be rounded up.

(b) If Alcoa or Alumina is of the opinion that two or more Scheme Participants (each of whom holds a number of Alumina Shares which results in rounding in accordance with clause 6.3(a)) have, before the Scheme Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to such rounding, Alumina must provide the relevant details of the relevant Scheme Participants to Alcoa, and if reasonably requested by Alcoa, Alumina must give notice to those Scheme Participants:

(i) setting out their names and registered addresses as shown in the Register;

(ii) stating that opinion; and

(iii) attributing to one of them specifically identified in the notice the Alumina Shares held by all of them,

and, after such notice has been given, the Scheme Participant specifically identified in the notice as the deemed holder of the specified Alumina Shares will, for the purpose of the provisions of this Scheme, be taken to hold all of those Alumina Shares and each of the other Scheme Participants whose names and registered addresses are set out in the notice will, for the purposes of the provisions of this Scheme, be taken to hold no Alumina Shares.

6.4 Ineligible Foreign Shareholder Sale Facility

Each Ineligible Foreign Shareholder authorises Alcoa Bidder to, and Alcoa Bidder must, subject to clauses 6.3 and 6.6:

(a) issue, or procure the issue of, any relevant New Alcoa Shares to the Sale Agent to which an Ineligible Foreign Shareholder would otherwise be entitled to receive in the form of New Alcoa CDIs (which, for the avoidance of doubt, where clause 20(d) of the Scheme Implementation Deed applies, is only the New Alcoa Shares to be sold to fund the Withholding Amount and brokerage, stamp duty and other selling costs, taxes and charges in respect of the sale of those New Alcoa Shares) (**Relevant Alcoa Shares**);

(b) on behalf of the Ineligible Foreign Shareholders, procure that the Sale Agent:

(i) as soon as reasonably practicable after the Implementation Date (and in any event within 15 days after the Relevant Alcoa Shares are capable of being traded on NYSE), sells or procures the sale of all of the Relevant Alcoa Shares issued to the Sale Agent pursuant to clause 6.4(a) (including on an aggregated or partially aggregate basis), in the ordinary course of trading on NYSE at such price as the Sale Agent reasonably determines in good faith (and at the risk of the Ineligible Foreign Shareholder); and

(ii) as soon as reasonably practicable after settlement (and in any event within 10 Pittsburgh Business Days), remits to Alcoa Bidder the proceeds of such sale (net of any applicable brokerage, stamp duty and other selling costs, taxes and charges) (**Proceeds**); and

(c) promptly after receiving the Proceeds in accordance with clause 6.4(b) but subject to clause 20(d) of the Scheme Implementation Deed, Alcoa Bidder will pay or procure Computershare to pay to each Ineligible Foreign Shareholder an amount equal to the proportion of the Proceeds received by Alcoa Bidder under clause 6.4(b) to which that Ineligible Foreign Shareholder is entitled (rounded down to the nearest cent) being, in respect of an Ineligible Foreign Shareholder who is:

(i) a Withholding Amount Shareholder, such amount of the Proceeds to which they would otherwise have been entitled under clause 6.4(c)(ii) as if they were not a Withholding Amount Shareholder *less* the Withholding Amount in respect of that Ineligible Foreign Shareholder; and

(ii) not a Withholding Amount Shareholder, in accordance with the following formula:

$A = (B/C) \times D$

Where

A is the amount to be paid to the Ineligible Foreign Shareholder;

B is the number of Relevant Alcoa Shares attributable to, and that would otherwise have been issued to (in the form of New Alcoa CDIs), that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder and which are instead issued to the Sale Agent;

C is the total number of Relevant Alcoa Shares attributable to, and which would otherwise have been issued to, all Ineligible Foreign Shareholders collectively (in the form of New Alcoa CDIs) and which are instead issued to the Sale Agent; and

D is the Proceeds.

(d) The Ineligible Foreign Shareholders acknowledge that none of Alumina, Alcoa, Alcoa Bidder or the Sale Agent make any assurances or representation as to the price that will be achieved for the sale of the Relevant Alcoa Shares under clause 6.4(b)(i) or the amount of Proceeds to be received by Ineligible Foreign Shareholders under the 6.4(c). Each of Alumina, Alcoa, Alcoa Bidder and the Sale Agent expressly disclaim any fiduciary duty to the Ineligible Foreign Shareholders which may otherwise arise in connection with this clause 6.4.

(e) Alcoa or Alcoa Bidder must make, or procure the making of, payments to Ineligible Foreign Shareholders under clause 6.4(c) by either (in the absolute discretion of Alcoa or Alcoa Bidder, and despite any election referred to in clause 6.4(e)(ii) or authority referred to in clause 6.4(e)(i) made or given by the Scheme Participant):

(i) paying, or procuring the payment of, the relevant amount in Australian dollars by electronic means to a bank account nominated by the Ineligible Foreign Shareholder by an appropriate authority from the Ineligible Foreign Shareholder to Alcoa Bidder; or

(ii) if a bank account has not been nominated by the Ineligible Foreign Shareholder in accordance with clause 6.4(e)(i):

(A) if an Ineligible Foreign Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Registry to receive dividend payments from Alumina by electronic funds transfer to a bank account nominated by the Ineligible Foreign Shareholder, paying, or procuring the payment of, the relevant amount in dollars by electronic means in accordance with that election; or

(B) otherwise dispatching, or procuring the dispatch of, a cheque for the relevant amount in dollars to the Ineligible Foreign Shareholder by prepaid post to their Registered Address, such cheque being drawn in the name of the Ineligible Foreign Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 6.8).

(f) If Alcoa or Alcoa Bidder receives professional advice that any withholding is required under Subdivision 14-D of Schedule 1 of the TAA to be withheld from a payment to an Alumina Shareholder, Alcoa is entitled to withhold the relevant amount in accordance with clause 20(d) of the Scheme Implementation Deed before making the payment to the relevant Alumina Shareholder (and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of this Scheme, including clause 6.4(c)). Alcoa or Alcoa Bidder must pay any amount so withheld to the Commissioner of Taxation in accordance with clause 20(d) of the Scheme Implementation Deed and within the time permitted by law, and, if requested in writing by the relevant Ineligible Foreign Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Ineligible Foreign Shareholder.

(g) Each Ineligible Foreign Shareholder appoints Alcoa as its agent to receive on its behalf any financial services guide (or similar or equivalent document) or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Shareholders under the Corporations Act or any other applicable law.

(h) Payment of the amounts calculated in accordance with clause 6.4(c) to an Ineligible Foreign Shareholder in accordance with this clause 6.4 satisfies in full the Ineligible Foreign Shareholder’s right to Scheme Consideration and interest will not be paid on any Proceeds.

6.5 Unclaimed monies

(a) Alcoa or Alcoa Bidder may cancel a cheque issued under clause 6.4(e)(ii)(B) if the cheque:

(i) is returned to Alcoa or Alcoa Bidder; or

(ii) has not been presented for payment within 6 months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Participant to Alumina, the Registry or Alcoa or Alcoa Bidder, Alcoa or Alcoa Bidder must as soon as practicable reissue a cheque that was previously cancelled under 6.5(a).

(c) The Unclaimed Money Act will apply in relation to any Scheme Consideration or Proceeds that becomes "unclaimed money" (as defined in section 6 of the Unclaimed Money Act), but any interest or other benefit accrued from the unclaimed Scheme Consideration or Proceeds will be for the benefit of Alcoa Bidder.

6.6 Orders of a court or Regulatory Authority

(a) If an applicable law requires, or if written notice is given to Alumina (or the Registry) or Alcoa (or Alcoa's share registry) of an order, direction or notice made or given by a court of competent jurisdiction or by another Regulatory Authority that:

(i) requires consideration which would otherwise be provided to a Scheme Participant in accordance with this clause 6 to instead be provided to a Regulatory Authority or other third party (either through payment of a sum or the issuance of a security), or which requires any amount to be deducted or withheld from any consideration which would otherwise be provided to a Scheme Participant in accordance with this clause 6, then Alumina, Alcoa or Alcoa Bidder (as applicable) shall be entitled to procure that provision of that consideration is made in accordance with that order, direction or notice (and payment or provision of, or the deduction or withholding from, that consideration in accordance with that order, direction or notice will be treated for all purposes under this Scheme as having been paid or provided to that Scheme Participant); or

(ii) prevents consideration being provided to any particular Scheme Participant in accordance with this clause 6, or the payment or provision of such consideration is otherwise prohibited by applicable law, Alumina or Alcoa Bidder shall be entitled to (as applicable):

(A) in the case of an Ineligible Foreign Shareholder, retain an amount, in dollars, equal to the relevant Ineligible Foreign Shareholder's share of the Proceeds; or

(B) not issue (or procure the issue of), or to issue (or procure the issue) to a trustee or nominee, such number of New Alcoa CDIs as that Scheme Participant would otherwise be entitled to under this clause 6,

until such time as payment or provision of the consideration in accordance with this clause 6 is permitted by that order or direction or otherwise by law.

To the extent that amounts are deducted or withheld under or in accordance with this clause 6.6, such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction or withhold was made.

6.7 Status of New Alcoa Shares and New Alcoa CDIs

(a) Alcoa covenants in favour of Alumina (in its own right and on behalf of the Scheme Participants) that the New Alcoa Shares (including those underlying the New Alcoa CDIs) required to be issued under this Scheme, and the Alcoa Shares issuable upon conversion of the New Alcoa Preferred Shares when issued, will:

(i) rank equally in all respects with all existing Alcoa Shares;

(ii) be entitled to participate in and receive any dividends and any other entitlements accruing in respect of Alcoa Shares on and from the Implementation Date (in each case in accordance with the terms of such entitlements);

(iii) be duly and validly issued in accordance with applicable laws and Alcoa's certificate of incorporation and by-laws; and

(iv) be fully paid and free from any Encumbrance.

(b) Alcoa will use its best endeavours to ensure that the:

(i) New Alcoa Shares issued in connection with the Scheme Consideration will commence trading on a normal settlement basis on NYSE from the first Pittsburgh Business Day after the Implementation Date (New York time); and

(ii) New Alcoa CDIs issued as Scheme Consideration will be listed for quotation on the ASX Official List with effect from the first Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from no later than the first Business Day after the Implementation Date, on an ordinary (T+2) settlement basis.

6.8 Status of New Alcoa Preferred Shares

Alcoa covenants in favour of Alumina (in its own right and on behalf of each relevant CITIC Shareholder) that:

(a) the New Alcoa Preferred Shares required to be issued as Scheme Consideration will:

(i) rank equally in all respects with all other Alcoa Preferred Shares then on issue in the same class;

(ii) be entitled to participate in and receive any dividends and any other entitlements accruing in respect of the New Alcoa Preferred Shares on and from the Implementation Date (in each case in accordance with the terms of such entitlements);

(iii) be duly and validly issued in accordance with all applicable laws and Alcoa's certificate of incorporation and by-laws and the Certificate of Designation); and

(iv) be fully paid and free from any Encumbrance; and

(b) until such time as there are no New Alcoa Preferred Shares outstanding, Alcoa will comply with, and perform, its obligations under the Certificate of Designation.

6.9 Joint holders

In the case of Scheme Shares held in joint names:

(a) any New Alcoa CDIs to be issued as Scheme Consideration in respect of those Scheme Shares must be issued to and registered in the names of the joint holders and entry in the Alcoa Share Register must take place in the same order as the holders' names appear in the Register as at the Scheme Record Date;

(b) any cheque required to be sent by Alcoa or Alcoa Bidder under this Scheme must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at the Scheme Record Date; and

(c) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Alumina, the holder whose name appears first in the Register as at the Scheme Record Date or to the joint holders.

7 Dealings in Scheme Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Scheme Shares or other alterations to the Register will only be recognised by Alumina if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Scheme Shares on or before the Scheme Record Date; and

(b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Scheme Record Date at the place where the Register is kept.

7.2 Register

Alumina must register any registrable transmission applications or transfers of the Scheme Shares received in accordance with clause 7.1(b) of this Scheme on or before the Scheme Record Date.

7.3 No disposals after Effective Date

(a) If this Scheme becomes Effective, a Scheme Participant (and any person claiming through that Scheme Participant) must not dispose of or deal with or purport or agree to dispose of or deal with any Scheme Shares or any interest in them after the Scheme Record Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever, and Alumina shall be entitled to disregard any such disposals or dealings.

(b) Alumina will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after the Scheme Record Date (except a transfer to Alcoa Bidder pursuant to this Scheme and any subsequent transfer by Alcoa Bidder or its successors in title).

7.4 Maintenance of Alumina Register

For the purpose of determining entitlements to the Scheme Consideration, Alumina will maintain the Register in accordance with the provisions of clause 7 until the Scheme Consideration has been issued to the Scheme Participants and Alcoa Bidder has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Alcoa Bidder contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding or share certificates (or equivalent document) in respect of Scheme Shares will cease to have effect after the Scheme Record Date as documents of title in respect of those shares (other than statements of holding in favour of Alcoa Bidder and its successors in title). After the Scheme Record Date, each entry current on the Register as at the Scheme Record Date (other than entries in respect of Alcoa Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration.

7.6 Details of Scheme Participants

As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the third Business Day after the Scheme Record Date, Alumina will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at the Scheme Record Date, are available to Alcoa in such form as Alcoa reasonably requires.

7.7 Quotation of Alumina Shares

Alumina must apply to ASX to suspend trading on ASX of Alumina Shares with effect from the close of trading on the Effective Date.

7.8 Termination of quotation of Alumina Shares

After this Scheme has been fully implemented, on a date determined by Alcoa, Alumina will apply:

(a) for termination of the official quotation of Alumina Shares on ASX; and

(b) to have itself removed from the official list of the ASX.

8 Instructions and notifications

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Scheme Participant to Alumina that are binding or deemed binding between the Scheme Participant and Alumina relating to Alumina or Alumina Shares, including instructions, notifications or elections relating to:

(a) whether dividends are to be paid by cheque or into a specific bank account;

(b) payments of dividends on Alumina Shares; and

(c) notices or other communications from Alumina (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by Alcoa in its sole discretion), by reason of this Scheme, to be made by the Scheme Participant to Alcoa and to be a binding instruction, notification or election to, and accepted by, Alcoa until that instruction, notification or election is revoked or amended in writing addressed to Alcoa at its registry.

9 Notices

9.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Alumina, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Alumina's registered office or at the office of the registrar of Alumina Shares.

9.2 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Alumina Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10 General

10.1 Variations, alterations and conditions

(a) Alumina may, with the prior consent of Alcoa, by its counsel or solicitor, consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose; and

(b) each Scheme Participant agrees to any such variations, alterations or conditions which Alumina has consented to.

10.2 Further action by Alumina

Alumina will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

10.3 Authority and acknowledgement

Each Scheme Participant irrevocably consents to Alumina, Alcoa and Alcoa Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme and the transactions contemplated by it.

10.4 No liability when acting in good faith

Each Scheme Participant agrees that, without prejudice to the Alumina's, Alcoa's, or Alcoa Bidder's rights and obligations under the Scheme Implementation Deed, neither Alumina, Alcoa, nor Alcoa Bidder, nor any of their respective officers or employees, will be liable to a Scheme Participant for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

10.5 Stamp duty

Alcoa and Alcoa Bidder jointly and severally:

(a) must pay all stamp duty (including any fines, penalties and interest) payable in connection with this Scheme or the transactions effected by or made under the Scheme; and

(b) indemnify each Scheme Participant against any liability arising from failure to comply with clause 10.5(a), subject to and in accordance with clause 7 of the Deed Poll.

11 Governing law

11.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

11.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details.

ANNEXURE E
Deed Poll

Deed Poll

Alcoa Corporation (**Alcoa**)

AAC Investments Australia 2 Pty Ltd (ACN 675 585 850) (**Alcoa Bidder**)

In favour of each registered holder of fully paid ordinary shares in Alumina Limited (ACN 004 820 419) (**Alumina**) as at the Scheme Record Date (**Scheme Participants**)

King & Wood Mallesons
Level 27
Collins Arch
447 Collins Street
Melbourne VIC 3000
Australia
T +61 3 9643 4000
F +61 3 9643 5999
DX 101 Melbourne
www.kwm.com

Deed Poll
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Deed Poll

Details

Parties		
Alcoa	Name	Alcoa Corporation
	Formed in	Delaware, United States of America
	Address	201 Isabella Street, Suite 500, Pittsburgh, PA 15212-5858 United States of America
	Email	andrew.hastings@alcoa.com
	Attention	Andrew Hastings, Executive Vice President and General Counsel
Alcoa Bidder	Name	AAC Investments Australia 2 Pty Ltd
	ACN	675 585 850
	Formed in	Victoria, Australia
	Address	c/- Ashurst, Level 16, 80 Collins Street, South Tower, Melbourne Victoria 3000 Australia
	Email	andrew.hastings@alcoa.com
	Attention	Andrew Hastings, Executive Vice President and General Counsel
In favour of	Each registered holder of Alumina Shares as at the Scheme Record Date.	
Governing law	Victoria	
Recitals	**A**	The effect of the Scheme will be that all Scheme Shares will be transferred to Alcoa Bidder.
	B	Alumina, Alcoa and Alcoa Bidder have entered into the Scheme Implementation Deed.
	C	In the Scheme Implementation Deed, Alcoa Bidder agreed (amongst other things) to provide or procure the provision of the Scheme Consideration to each Scheme Participant, subject to the satisfaction of certain conditions.
	D	Each of Alcoa and Alcoa Bidder is entering into this document for the purpose of undertaking in favour of Scheme Participants to perform its obligations in relation to the Scheme and the Scheme Implementation Deed.

General terms

1 Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

First Court Date means the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Scheme means the proposed scheme of arrangement under Part 5.1 of the Corporations Act under which all the Alumina Shares will be transferred to Alcoa Bidder, substantially in the form of Annexure A to this document, together with any amendment or modification made pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Alumina and Alcoa in accordance with clause 10 of the Scheme.

Scheme Implementation Deed means the scheme implementation deed dated 12 March 2024 between Alumina, Alcoa and Alcoa Bidder as amended from time to time and under which, amongst other things, Alumina has agreed to propose the Scheme to Alumina Shareholders, and each of Alcoa, Alcoa Bidder and Alumina has agreed to take certain steps to give effect to the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme, unless otherwise stated.

1.2 General interpretation

Clause 1.2 of the Scheme applies to this document except that references to “this Scheme” are to be read as references to “this document”.

1.3 Nature of deed poll

Alcoa and Alcoa Bidder acknowledge that:

(a) this document is entered into and has effect as a deed poll and may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not a party to it; and

(b) under the Scheme, each Scheme Participant irrevocably appoints Alumina and each of its directors, officers and secretaries (jointly and individually) as its agent and attorney to enforce this document against Alcoa and Alcoa Bidder in accordance with its terms.

2 Conditions precedent and termination

2.1 Conditions precedent

Alcoa’s and Alcoa Bidder’s obligations under clause 4 are subject to the Scheme becoming Effective.

2.2 Termination

Alcoa's and Alcoa Bidder's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

(a) the Scheme has not become Effective on or before the End Date, unless Alumina, Alcoa and Alcoa Bidder otherwise agree in writing; or

(b) the Scheme Implementation Deed is terminated in accordance with its terms.

2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

(a) Alcoa and Alcoa Bidder are released from their obligations to further perform this document; and

(b) each Scheme Participant retains the rights, powers or remedies they have against Alcoa and Alcoa Bidder in respect of any breach of this document which occurs before it is terminated.

3 Performance of obligations generally

Subject to clause 2, each of Alcoa and Alcoa Bidder covenants and undertakes in favour of each Scheme Participant that it will be bound by the terms of the Scheme as if it were a party to the Scheme and undertakes to perform all obligations and other actions, including those obligations and actions which relate to the provision of the Scheme Consideration, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme Implementation Deed and the Scheme.

4 Scheme Consideration

4.1 Scheme Consideration

Subject to clause 2:

(a) Alcoa Bidder undertakes in favour of each Scheme Participant to provide, or procure as set out in clause 4.1(b) the provision of, the Scheme Consideration to each Scheme Participant;

(b) Alcoa Bidder undertakes in favour of each Scheme Participant to cause Alcoa to, and Alcoa must at the direction of and on behalf of Alcoa Bidder (in satisfaction of Alcoa Bidder's obligation to provide such Scheme Consideration to the Scheme Participants under clause 4.1(a)), issue the Scheme Consideration to each Scheme Participant; and

(c) each of Alcoa and Alcoa Bidder undertakes to perform all other actions attributed to it under the Scheme,

in accordance with the Scheme.

Subject to clause 2, if Alcoa Bidder fails to provide direction to Alcoa as contemplated by clause 4.1(b) (or to have otherwise procured the provision of the Scheme Consideration) within 1 Business Day following the Effective Date, Alcoa

Bidder will be deemed to have provided such direction to Alcoa and Alcoa Bidder agrees that it will take the actions required by clause 4.1(b).

4.2 New Alcoa Shares to rank equally

Alcoa covenants in favour of each Scheme Participant that all New Alcoa Shares issued in connection with the provision of the Scheme Consideration (including those issued to CDN in connection with the New Alcoa CDIs) to each Scheme Participant or the Sale Agent in accordance with the Scheme, and the Alcoa Shares issuable upon conversion of the New Alcoa Preferred Shares, when issued, will, upon their issue:

(a) rank equally in all respects with all other Alcoa Shares then on issue;

(b) be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements, in each case which accrue in respect of Alcoa Shares on and from the Implementation Date;

(c) be duly and validly issued in accordance with all applicable laws and Alcoa's certificate of incorporation, by-laws and other constituent documents; and

(d) be fully paid and free from Encumbrance.

4.3 New Alcoa Preferred Shares

Alcoa covenants in favour of each relevant CITIC Shareholder that:

(a) the New Alcoa Preferred Shares required to be issued as Scheme Consideration will upon their issue:

 (i) rank equally in all respects with all other Alcoa Preferred Shares then on issue in the same class;

 (ii) be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements, in each case which accrue in respect of New Alcoa Preferred Shares on and from the Implementation Date;

 (iii) be duly and validly issued in accordance with all applicable laws and Alcoa's certificate of incorporation and by-laws and certificate of designation in the form set forth at Schedule 2 of the Scheme Implementation Deed (or in a form as otherwise agreed in writing between Alcoa and Alumina and if necessary, the Court); and

 (iv) be fully paid and free from any Encumbrance; and

(b) until such time as there are no New Alcoa Preferred Shares outstanding, Alcoa willy comply with, and perform, its obligations under the Certificate of Designation.

5 Representations and warranties

Each of Alcoa and Alcoa Bidder represents and warrants, in respect of itself, that:

(a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation and is validly existing under those laws;

(b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it in accordance with its terms;

(c) **(no contravention)** the entry by it into and its compliance with its obligations under, this document in accordance with its terms do not and will not conflict with:

(i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;

(ii) any law binding on or applicable to it; or

(iii) any Encumbrance binding on or applicable to it;

(d) **(authorisations)** it has in full force and effect each corporate authorisation necessary for it to enter into this document, to comply with its obligations under it, and to allow them to be enforced in accordance with its terms;

(e) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and

(f) **(solvency)** it is not Insolvent (as defined in the Scheme Implementation Deed).

6 Continuing obligations

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Alcoa and Alcoa Bidder have fully performed their obligations under this document; or

(b) the earlier termination of this document under clause 2.2.

7 Stamp duty

Alcoa and Alcoa Bidder jointly and severally:

(a) must pay or reimburse all stamp duty, registration fees and similar taxes payable or assessed as being payable in connection with this document or any other transaction contemplated by this document (including any fees, fines, penalties and interest in connection with any of these amounts); and

(b) indemnify each Scheme Participant against, and agrees to reimburse and compensate it, for any liability in respect of stamp duty under clause 7(a).

8 Notices

8.1 Form

A notice or other communication in connection with this document must be:

(a) in writing and in English and signed for or on behalf of the sending party; and

(b) addressed to Alcoa or Alcoa Bidder in accordance with the details set out below (or any alternative details nominated by Alcoa or Alcoa Bidder by notice):

Attention:	Andrew Hastings, Executive Vice President and General Counsel
Address:	201 Isabella Street, Suite 500, Pittsburgh, PA 15212-5858 United States of America
Email:	andrew.hastings@alcoa.com

with copy to (which shall not constitute notice):

Attention:	Kylie Lane of Ashurst
Email:	kylie.lane@ashurst.com

(c) If a person sends a communication contemplated by this document other than by email, they must use all reasonable endeavours to send a copy of the communication promptly by email.

8.2 When taken to be received

Communications are taken to be received:

(a) if delivered by hand to the nominated address, when delivered to the nominated address;

(b) if sent by post, 6 Business Days (if posted within Australia to an address in Australia) or 10 Business Days (if posted from one country to another) after the date of posting; or

(c) if sent by email:

(i) at the time the email was delivered to the recipient's email server or the recipient read the email, as stated in an automated message received by the sender; or

(ii) 4 hours after the email was sent (as recorded on the device from which it was sent), unless within 24 hours of sending the email the sender receives an automated message that it was not delivered,

whichever happens first.

9 General

9.1 Variation

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

(a) if before the First Court Date, the variation is agreed to by Alumina and Alcoa in writing; and

(b) if on or after the First Court Date, the variation is agreed to by Alumina and Alcoa in writing and the Court indicates that the variation, alteration or amendment would not itself preclude approval of the Scheme,

in which event Alcoa and Alcoa Bidder must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

9.2 Partial exercising of rights

Unless this document expressly states otherwise, if Alcoa or Alcoa Bidder does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

9.3 No waiver

A provision of this document, or any right, power or remedy created under it may not be varied or waived except in writing signed by the party to be bound.

No failure to exercise, nor any delay in exercising, any right, power or remedy by Alcoa, Alcoa Bidder or by any Scheme Participant operates as a waiver. A waiver of any right, power or remedy on one or more occasions does not operate as a waiver of that right, power or remedy on any other occasion, or of any other right, power or remedy.

9.4 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

9.5 Assignment or other dealings

Alcoa, Alcoa Bidder and each Scheme Participant may not assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the consent of Alcoa, Alcoa Bidder and Alumina. Any purported dealing in contravention of this clause 9.5 is invalid.

9.6 Further steps

Each of Alcoa and Alcoa Bidder agree to do all things (including executing all documents) necessary to give full effect to this document and the Scheme.

10 Governing law and jurisdiction

10.1 Governing law and jurisdiction

(a) The law in force in the place specified in the Details governs this document.

(b) Each of Alcoa and Alcoa Bidder irrevocably submits to the non-exclusive jurisdiction of the courts of that place and courts of appeal from them in respect of any such proceedings arising out of or in connection with this document.

(c) Each of Alcoa and Alcoa Bidder irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

(d) Each of Alcoa and Alcoa Bidder agrees that a final judgment in any legal proceedings in a court exercising jurisdiction in the place specified in the Details will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law.

10.2 Serving documents

Each of Alcoa and Alcoa Bidder appoints Ashurst Australia of Level 16, 80 Collins Street, Alumina Tower, Melbourne VIC 3000 as its agent to receive service of process for any proceedings arising out of or in connection with this document. Each of Alcoa and Alcoa Bidder undertakes to maintain this appointment until the earlier of Alcoa and Alcoa Bidder having fully performed their obligations under this document or termination under clause 2.2, and agrees that any such process served on that person is taken to be served on it.

EXECUTED as a deed poll

Deed Poll

Signing page

DATED: 5 June 2024

SIGNED, SEALED AND DELIVERED by **ALCOA CORPORATION** by its authorised representative:

Seal

Signature of authorised signatory	Signature of witness
MARISSA P. EARNEST	Megan C. Yancey
Name of authorised signatory	Name of witness

SIGNED, SEALED AND DELIVERED by **AAC INVESTMENTS AUSTRALIA 2 PTY LTD** in accordance with section 127(1) of the *Corporations Act 2001* (Cth):

....

Signature of director (who states that they are the sole director of the company and the company does not have a company secretary)

MATHEW SHANE ZAUNER

....

Name of director (block letters)

ANNEXURE F
Notice of Scheme Meeting

ALUMINA LIMITED

Notice of Scheme Meeting

Alumina Limited (ACN 004 820 419) (**Alumina**) gives notice that, by order of the Federal Court of Australia (**Court**) pursuant to section 411(1) of the Corporations Act, a meeting of holders of fully paid ordinary shares in Alumina (**Scheme Meeting**) will be held on Thursday, 18 July 2024 at 2.00pm (AEST).

The Scheme Meeting will be held at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia and online at www.meetnow.global/M2QDVXW.

Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, agree to a scheme of arrangement proposed to be entered into between Alumina and its shareholders (with or without modification or conditions) (**Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the *Corporations Act 2001* (Cth) in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Scheme Resolution

To consider and, if thought fit pass (with or without modification or conditions) the following resolution (**Scheme Resolution**):

"That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth): (a) the scheme of arrangement proposed between Alumina Limited and the holders of its fully paid ordinary shares as contained in and more precisely described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to (with or without modification as approved by the Federal Court of Australia to which Alumina and Alcoa agree); and (b) the directors of Alumina Limited are authorised to agree to such alterations or conditions as are thought fit by the Court, and subject to approval of the Scheme by the Court, the board of directors of Alumina Limited is authorised to implement the Scheme with any such modifications or conditions."

Chair

The Court has directed that W Peter Day is to act as chair of the Scheme Meeting (and that, if he is unable or unwilling to attend, Deborah O'Toole is to act as chair of the Scheme Meeting).

By order of the Court and the Board of Alumina Limited.

Katherine Kloeden
Company Secretary
Alumina Limited

Explanatory notes

1. General

This notice of meeting and the Scheme Resolution should be read in conjunction with the Scheme Booklet of which this notice forms part. The Scheme Booklet provides the important information you need to help you decide on how to vote on the Scheme Resolution.

Unless otherwise defined, terms used in this notice have the same meaning as set out in the Glossary in section 12 of the Scheme Booklet.

2. Requisite Majorities at the Scheme Meeting

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme to be approved by Alumina Shareholders, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Alumina Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Alumina Shareholders, body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Alumina Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate Alumina Shareholders, body corporate representative).

3. Court approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme must be approved by an order of the Court. If the Scheme Resolution is passed by the Requisite Majorities and the Conditions Precedent set out in the Scheme Implementation Deed are satisfied or waived (where capable of waiver), Alumina will apply to the Court for the necessary orders to approve the Scheme.

4. Entitlement to participate in and vote at the Scheme Meeting

For the purpose of voting at the Scheme Meeting, Alumina Shareholders will be entitled to participate in and vote at the Scheme Meeting if they are a registered holder of Alumina Shares on the Alumina Share Register as at 7.00pm (AEST) on Tuesday, 16 July 2024.

Alumina Shareholders (or their proxies, attorneys or authorised corporate representatives) will be able to participate in the Scheme Meeting by attending in person at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia and online at www.meetnow.global/M2QDVXW.

Information as to how Alumina Shareholders may attend and participate in the Scheme Meeting is provided in this notice and set out in the online user guide which is available at www.computershare.com.au/virtualmeetingguide.

5. How to vote

Alumina Shareholders entitled to vote at the Scheme Meeting may do so as set out in this section 5.

If Alumina Shares are jointly held, each of the joint Alumina Shareholders is entitled to vote. However, if more than one Alumina Shareholder votes in respect of jointly held Alumina Shares, only the vote of the shareholder whose name appears first on the Alumina Share Register will be counted.

Voting at the Scheme Meeting will be conducted by poll.

Alumina Shareholders entitled to vote at the Scheme Meeting may vote:

- **in person,** by attending the Scheme Meeting at Village Roadshow Theatre, State Library of Victoria, 328 Swanston Street (access via Entry 3 on La Trobe Street), Melbourne, Victoria, Australia.
- **online**, by attending the Scheme Meeting online at www.meetnow.global/M2QDVXW.
- **by proxy,** by lodging a proxy form in one of the following ways:
  - **online:** at www.investorvote.com.au (or www.intermediary online.com for relevant intermediaries who participate in the Intermediary Online service) or on their smartphone using the QR code on the Proxy Form. Alumina Shareholders will require their SRN or HIN and the postcode for their shareholding to submit a proxy form online;
  - **by mail:** in the reply-paid envelope included with a hardcopy of this Scheme Booklet to Alumina Limited c/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia;
  - **by hand delivery:** to the Alumina Share Registry at Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia during business hours (Monday – Friday, 9:00am – 5:00pm); or
  - **by fax:** to the Alumina Share Registry (within Australia) 1800 783 447 (outside Australia) +61 (0)3 9473 2555.

Proxyholders will need to contact Computershare Investor Services on +61 3 9415 4024 to request their unique email invitation.

- **by attorney:** by appointing an attorney to attend and vote at the Scheme Meeting on your behalf. An attorney may only vote at the Scheme Meeting if the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority are provided to Alumina prior to the Scheme Meeting (unless it has been previously provided to Alumina). If a validly appointed attorney intends to attend and vote at the Scheme Meeting via the online platform, that attorney will require the appointing Alumina Shareholder's name and postcode and the SRN or HIN of the shareholding in order to access the online platform.
- **by corporate representative:** by an individual appointed to attend and vote at the Scheme Meeting as the corporate representative of the Alumina Shareholder, if the Alumina Shareholder is a body corporate. This appointment must comply with the requirements of the Corporations Act. The corporate representative must ensure that Alumina has received a certificate of appointment and any authority under which the appointment is signed, prior to the Scheme Meeting (unless this has previously been provided to Alumina). A form of notice of appointment can be obtained from www.investorcentre.com. If a validly appointed corporate representative intends to attend and vote at the Scheme Meeting via the online platform, the corporate representative will require the appointing Alumina Shareholder's name and postcode and the SRN or HIN of the shareholding in order to access the online platform.

Proxy appointments must be received by 2.00pm (AEST) on Tuesday, 16 July 2024.

Other matters relevant to proxy voting

An Alumina Shareholder who is entitled to cast two or more votes may appoint not more than two proxies. A proxy need not be an Alumina Shareholder. A proxy may be either an individual or a body corporate. A corporation appointed as a proxy will need to appoint a corporate representative, in the same manner as outlined in this notice in relation to appointments by Alumina Shareholders, to exercise its powers as proxy at the meeting.

A shareholder entitled to cast more than one vote on a resolution may appoint two proxies to vote by poll. Each proxy should be appointed to represent a specified proportion or number of the shareholder's votes. If proportions or numbers are not specified, then each proxy may exercise half of the shareholder's votes.

Alumina Shareholders are encouraged to direct their proxies how to vote on the resolution. An Alumina Shareholder can provide such a direction by marking the appropriate box on the hard copy proxy form or selecting the appropriate option for that resolution online (as outlined below). If a proxy is not directed on how to vote on a resolution, the proxy may vote, or abstain from voting, as that person thinks fit (subject to the other provisions of these notes). If a proxy appointment does direct the relevant proxy how to vote on a resolution, then (subject to the other provisions of these notes):

- the proxy must vote by poll;
- if the proxy is the Chairman of the meeting, the proxy must vote in that capacity on a poll and must vote as directed; and
- if the proxy is not the Chairman of the meeting, the proxy need not vote in that capacity on a poll but if the proxy does vote, the proxy must do so as directed.

If the proxy is a member, the above does not affect the way that proxy votes in their capacity as a member.

If the chair of the Scheme Meeting is a proxy, either by appointment or default, and the appointment does not provide any voting directions on the Proxy Form, by signing and returning the Proxy Form, the Alumina Shareholder will be expressly authorising the chair of the Scheme Meeting to cast their vote on the Scheme Resolution as the chair of the Scheme Meeting sees fit.

The chair of the Scheme Meeting intends to vote undirected proxies in favour of the Scheme Resolution.

6. How to ask questions

a) Before the Scheme Meeting

Alumina Shareholders may submit questions before the Scheme Meeting. Written questions must be received by no later than 5.00pm (AEST) onThursday, 11 July 2024.

Any written questions to Alumina should be sent to:

- Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, using the pre-paid envelope provided; or
- by email to queries@aluminalimited.com providing the last 4 digits of your SRN/HIN and your postcode.

b) At the Scheme Meeting

Alumina Shareholders will have a reasonable opportunity to ask questions or make comments about the Scheme at the Scheme Meeting, whether they attend in person or participate via the online platform.

If Alumina Shareholders participate in the Scheme Meeting via the online platform, Alumina Shareholders may ask written questions or verbal questions during the Scheme Meeting. To ask a question verbally by phone, please follow the instructions on the virtual meeting platform. For further information, please refer to the online user guide which is available at www.computershare.com.au/virtualmeetingguide.

The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible during the Scheme Meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Individual responses will not be sent to Alumina Shareholders.

Contact details

Computershare Investor Services Pty Limited,
Yarra Falls, 452 Johnston Street, Abbotsford,
Victoria, 3067, Australia

Telephone +61 (0)3 9415 4027 or
1300 556 050 (for callers within Australia)

Facsimile +61 (0)3 9473 2555 or
1800 783 447 (for callers within Australia)

Email web.queries@computershare.com.au

Alumina Limited
ABN 85 004 820 419

Registered Corporate Head Office
Level 36, 2 Southbank Boulevard,
Southbank Victoria 3006 Australia

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