ALUMINA
LIMITED

ASX Announcement

30 March 2016

Alumina Limited 2015 Annual Review

Attached, in accordance with Listing Rule 3.17 is a copy of Alumina Limited's Annual Review 2015.

Stephen Foster
Company Secretary

30 March 2016

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Prepared

ANNUAL REVIEW 2015

ALUMINA
LIMITED

Alumina Limited (as a partner with Alcoa Inc in Alcoa World Alumina Chemicals (AWAC)), is well prepared for growth in the years ahead.

AWAC has weathered the storm in recent years by reducing both costs and debt and focussing on lower cost alumina refining and bauxite mining assets.

The Company has laid the foundation for sustainable growth by the restructuring of AWAC's asset portfolio.

AWAC is well resourced with long-life mines and nearly all AWAC mines are integrated with low cost refineries.

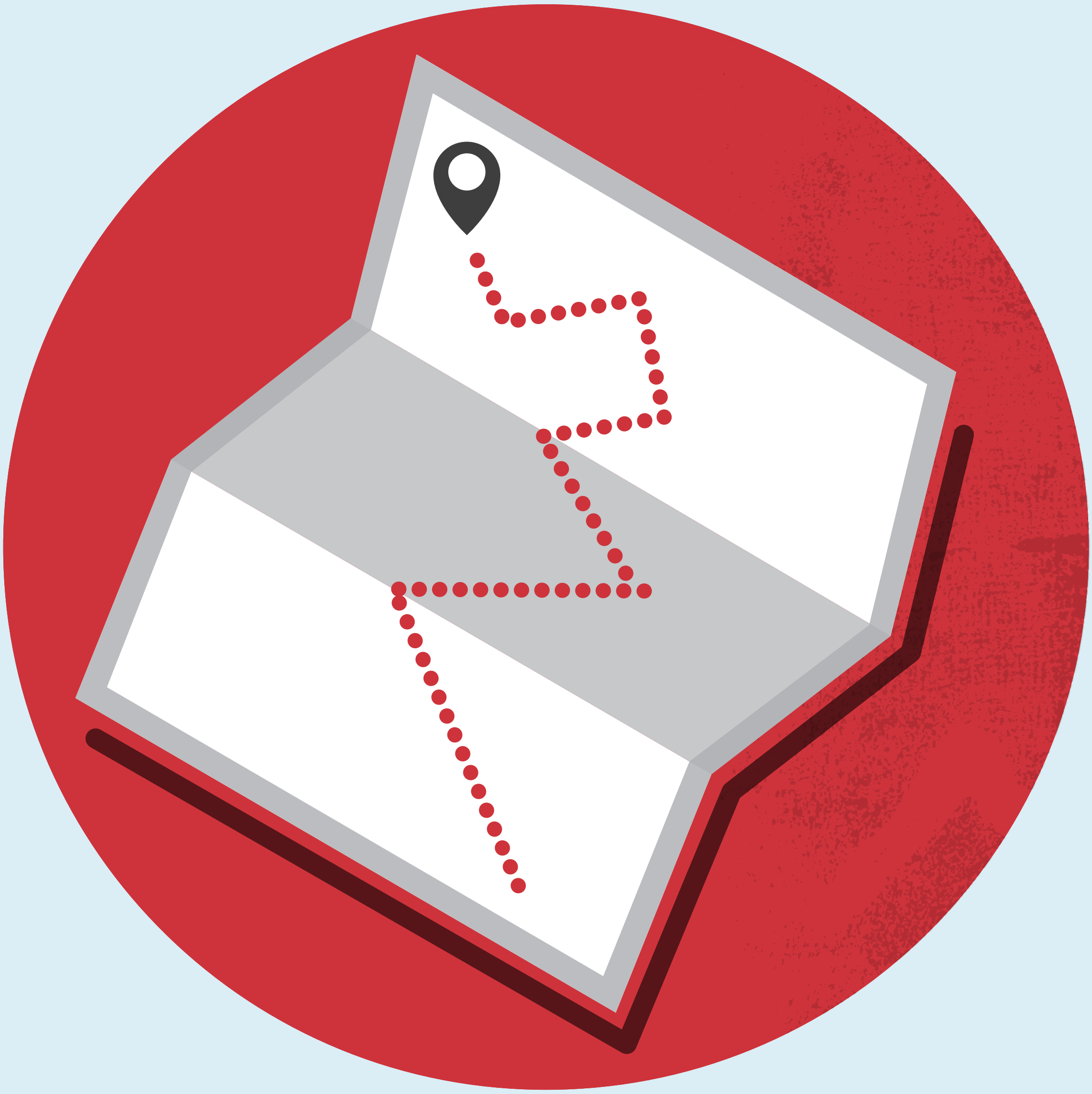
As bauxite prices increase, AWAC's mines become more valuable and as the industry increasingly relies on sea borne bauxite, our integrated operations become even more competitive.

A stronger US dollar, productivity improvements and a lower cost base have contributed to our best financial result in many years. This is reflected in the highest dividend since 2008.

CONTENTS[1]

[1]Contents – Corporate Governance Statement
Alumina Limited has elected to release its 2015 Corporate Governance Statement only on the Company website at: www.aluminalimited.com/governance/

Building a stronger business



Building a stronger business

ALUMINA LIMITED

Net profit $0.5 million

Net profit excluding significant items $29.6 million

No dividend declared

Net debt $135.2 million

Corporate costs and financing charges $42.5 million

Net loss $98.3 million

Net profit excluding significant items $91.1 million

Dividend declared of US $1.6 cents per share

Net debt $86.6 million

Corporate costs and financing charges $27.1 million

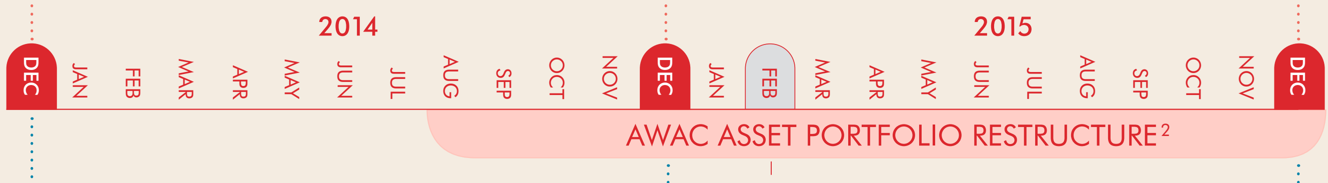
Net profit $88.3 million

Net profit excluding significant items $258.2 million

Dividend declared of US 6.3 cents per share

Net debt $101.2 million

Corporate costs and financing charges $18.5 million



AWAC

54% of SGA[1] priced on spot or indexed basis

EBITDA margin per tonne produced $45

27th percentile on Alumina cost curve[3]

68% of SGA priced on spot or indexed basis

EBITDA margin per tonne produced $54

25th percentile on Alumina cost curve[3]

M'aden refinery and mine commence operation

75% of SGA priced on spot or indexed basis (expect 85% in 2016)

EBITDA margin per tonne produced $91

21st percentile on Alumina cost curve (post curtailments)[4]

12 year gas supply agreement securing power for low cost WA refineries commencing 2020

San Ciprian refinery converted to gas lower cost energy solution

1 SGA – Smelter Grade Alumina
2 Includes closure of Pt Henry smelter, closure of Anglesea Power, sale of Jamalco and curtailment of Pt Comfort and Suralco refineries.
3 Source: Alcoa Inc.
4 Source: Harbor aluminium

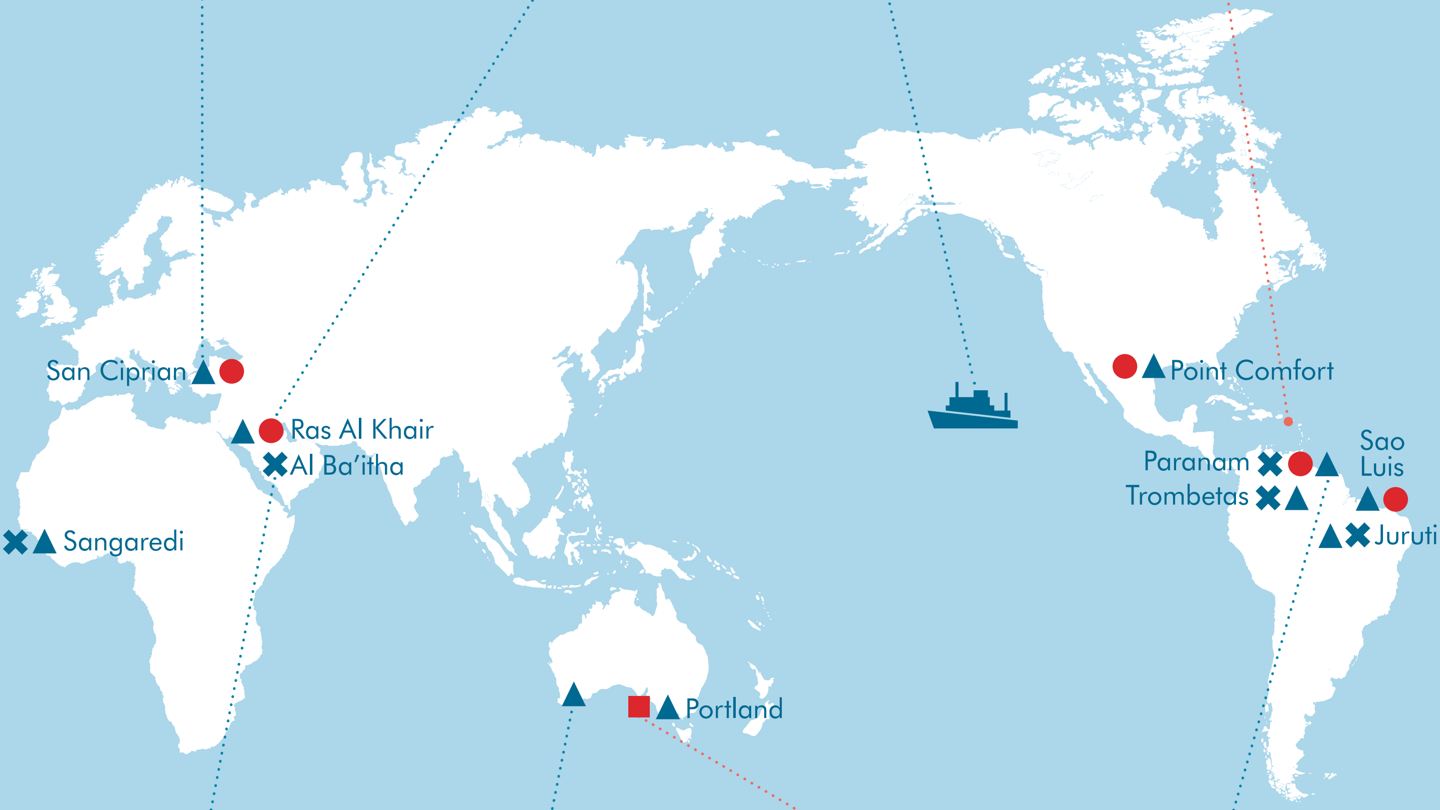
Map of Operations

San Ciprian alumina refinery converted to cleaner and cheaper natural gas in February 2015

Reaching full production at the new low cost alumina refinery in Saudi Arabia (AWAC 25.1% interest)

75% of 2015 third party smelter grade alumina sales transitioned onto Alumina Price Index (API)/spot basis

SALE: The higher-cost Jamalco alumina refinery in Jamaica was sold in December 2014 (AWAC 55% interest)



New bauxite mine at Al Ba'itha Saudi Arabia operational (AWAC 25.1% interest)

- ● Kwinana
- ✖ Huntly
- ● Pinjarra
- ✖ Willowdale
- ● Wagerup

CLOSURE: The 50 year old Pt. Henry aluminum smelter closed in August 2014

Evaluating Suralco alumina refinery via Memorandum of Understanding (MOU) with Suriname Government

✖ Bauxite mines ● Refineries ■ Smelter ▲ Location

At a glance

The restructuring and portfolio repositioning which began in 2014, resulted in a reduction in the overall cost position of AWAC and improved operating performance. However, the continued reshaping of AWAC's portfolio resulted in a negative impact on Alumina Limited's results for the year. In 2015 Alumina Limited recorded a net profit after tax of $88.3 million compared to a net loss of $98.3 million in 2014. In context, the Company would have made a net profit of $258.2 million (2014: $91.1 million) excluding the significant items. This improvement is in line with the better operating performance of AWAC.

The 2015 significant items that were largely the result of restructuring activities related to the Suriname and Point Comfort refineries, and the closure of the Anglesea power station in Australia.

ALUMINA LIMITED RESULTS

$88.3m
NET PROFIT AFTER TAX US$88.3 MILLION
(2014: NET LOSS AFTER TAX: US$98.3 MILLION)

$258.2m
PROFIT EXCLUDING SIGNIFICANT ITEMS OF US$258.2 MILLION
(2014: PROFIT: US$91.1 MILLION)

$101.2m
NET DEBT US$101.2 MILLION
(2014: US$86.6 MILLION)

4.8%
GEARING 4.8 PER CENT
(2014: 3.4 PER CENT)

$106.3m
AWAC DIVIDENDS AND DISTRIBUTIONS OF US$106.3 MILLION RECEIVED
(2014: US$119.2 MILLION)

3.9%
RETURN ON EQUITY 3.9 PER CENT
(2014: NEGATIVE 3.5 PER CENT)

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

We invest worldwide in bauxite mining, alumina refining and selected aluminium smelting operations through our 40% ownership of AWAC.

Our partner, Alcoa Inc. (Alcoa), owns the remaining 60% of AWAC, and is the manager. The AWAC joint venture was formed in 1994 and our relationship with Alcoa dates back to 1961.

Alumina Limited represents a unique opportunity for a pure investment in AWAC, the world's largest alumina and bauxite producer.

AWAC – A global business

In 2015 AWAC recorded a net profit after tax of $318.2 million compared to a net loss of $243.0 million in 2014. In both years, AWAC's results were affected by one-off significant items related to the restructuring and repositioning of AWAC's portfolio. AWAC's EBITDA, excluding significant items increased by $495.5 million to $1,364.5 million, a 57% improvement on 2014.

Cash from operations was also affected by significant items as well as timing differences, such as tax payments and movements in working capital. Adjusted for these items, operating cash flow improvement would be more in line with EBITDA growth.

AWAC RESULTS

$318.2m
AWAC NET PROFIT AFTER TAX US$318.2 MILLION
(2014: NET LOSS AFTER TAX: US$243.0 MILLION)

15.1m tonnes
ALUMINA PRODUCTION OF 15.1 MILLION TONNES
(2014: 15.9 MILLION TONNES)

$808.9m
AWAC CASH FROM OPERATIONS US$808.9 MILLION
(2014: US$475.9 MILLION)

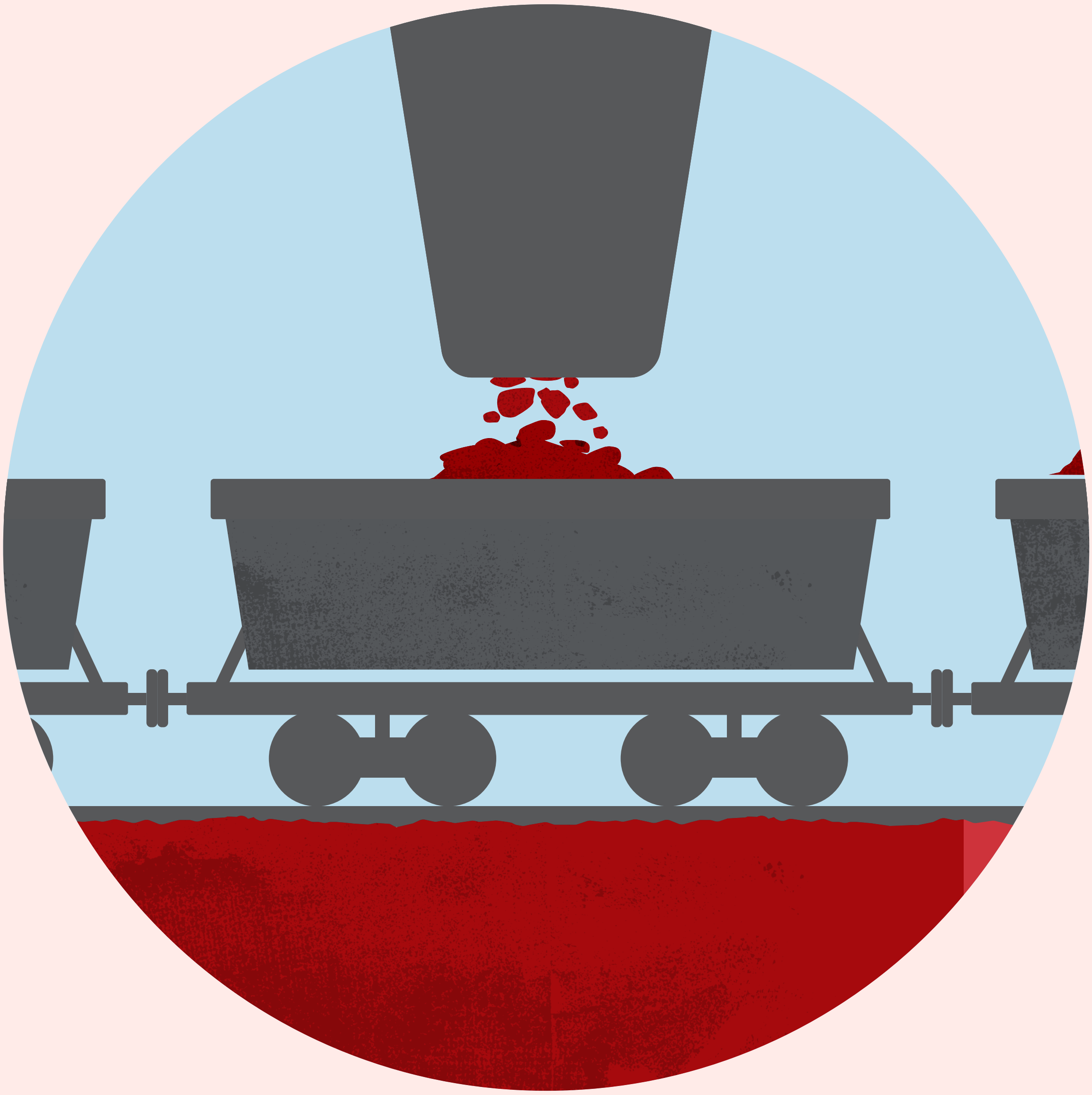
The origins of the AWAC partnership between Alcoa and WMC Limited (now Alumina Limited) began in the early 1960's following the discovery of bauxite deposits and other resources by WMC Limited and two other Australian companies. Alcoa was invited to join the project to provide technology, aluminium expertise and finance.

Over the following years the venture grew to include refineries and smelter interests as the partners sought to take opportunities to expand the business. By 1990, WMC Limited's interests in Alcoa of Australia had grown to 48.25% through acquiring the minority interests of other participants, other than Alcoa.

In July 1994, WMC decided to expand this interest as a worldwide bauxite, alumina and alumina-based chemicals enterprise.

WMC Limited and Alcoa combined their respective bauxite, alumina and alumina-based chemicals businesses and investments and some selected smelting operations to create AWAC in January 1995.

Chairman and Chief Executive Officer's Report



The Company's financial performance improved significantly in 2015 reflecting in part the benefits of the restructuring of the AWAC asset portfolio over recent years. While world commodity markets and the alumina price experienced volatility and weakness, Alumina Limited delivered its best financial results and highest dividends since 2008.

CHAIRMAN & CEO REPORT

The deliberate repositioning of the AWAC asset portfolio has required difficult decisions, with over 30 per cent of the Joint Venture's alumina capacity curtailed, closed or sold over the past two years. This has strengthened the competitive position of our asset portfolio and we have continued to invest in our best assets and added new, low cash-cost capacity through our investment in the Ma'aden bauxite mine and alumina refinery in Saudi Arabia. As a result of these actions, AWAC's position on the alumina industry cost curve is expected to be in the 21st percentile in 2016, a step-change improvement from the 30th percentile ranking as recently as 2010.

In 2015, our lower cost base and higher production from our lowest cost refineries combined to lift profit margins and cash flows. Alumina Limited's full year net profit after tax was US$258.2 million, excluding significant items. The curtailment of the Suralco and Point Comfort refineries, the closure of the Anglesea power station and other restructuring charges reduced net profit after tax to US$88.3 million.

While alumina prices declined significantly throughout the year, AWAC cash from operations increased 70 per cent on the prior year. This enabled payment of a final dividend of US 1.8 cents per share, bringing the total dividend for the year to US 6.3 cents per share.

OPERATING HIGHLIGHTS

AWAC's EBITDA margin for alumina production was $91 per tonne, a significant improvement on $54 per tonne in 2014. This reflected a large improvement in AWAC's operating costs. Lower energy costs, a stronger US dollar and productivity initiatives in materials, maintenance and transport all contributed to a 13 per cent decline in average cash costs.

The stronger alumina price index (API) prices in the first half and continued progression by AWAC to sales on an API basis also contributed to improved margins. The alumina sales that moved from legacy contracts to an API achieved higher prices. During 2015, 75 per cent of AWAC's third party sales were on an indexed or spot basis. This should increase to approximately 85 per cent in 2016.

The ramp up of the Saudi Arabian bauxite mine and alumina refinery with Ma'aden in 2016 will add low cash cost production to AWAC. The refinery is expected to reach full production capacity in the first half of 2016.

In April 2015, Alcoa of Australia committed to a new 12 year gas supply agreement for the initial supply of 120 terajoules per day of natural gas, commencing in 2020. This gas supply agreement secures the competitiveness of AWAC's low cost Australian refining business into the next decade. A $300 million prepayment made under the contract means Alcoa of Australia receives a portion of contracted gas from 2020, against which there will be no cash outflow. A further $200 million prepayment will be made in 2016.

AWAC's low cost operations in Australia and Brazil achieved production records in 2015. In 2016, the Australian and Brazilian refineries should provide approximately 85 per cent of AWAC's production.

AWAC's cash from operations increased by $333 million dollars to $808.9 million dollars in 2015. This was an excellent outcome, particularly as it included the US$300 million instalment for Alcoa of Australia's new 12 year gas supply agreement. Capital expenditure for AWAC was lower at $178.4 million (2014: $237.9 million).

Corporate costs for Alumina Limited were lower at $11.9 million (2014: $13.5 million), assisted by a stronger US dollar and deregistration from the Securities and Exchange Commission in 2015. Funding costs also declined to $6.6 million from $13.6 million in 2014. The Company is now financially stronger and has significantly reduced its finance costs.

During 2015, AWAC changed its business unit structure to create bauxite mining as a separate business unit. The greater business and market focus on AWAC's bauxite assets should enable optimisation of the bauxite assets and increased development and sales opportunities. The AWAC bauxite mines in Western Australia are scheduled to make their first bauxite sale to third party customers in early 2016.

CAPITAL MANAGEMENT

The Company's strategy is to maintain a balance sheet that can meet the demands of the commodity cycle and enable cash flows to be readily distributed to shareholders. The Company has worked to strengthen its balance sheet and debt is at target levels. This means that as future free cash flow is generated by AWAC, shareholders can readily benefit.

The Board will consider the Company's capital structure and future capital requirements in determining dividends, but the Board will always give a high priority to distributing dividends to shareholders.

AWAC distributed $106.3 million in dividends, distributions and capital returns to Alumina Limited in 2015, and a further $29.5 million in January 2016. The Company's lower cost and debt levels enabled dividends to shareholders of US6.3 cents per share to be paid in respect of 2015.

The Company has sought in 2015 to ensure shareholders benefit from accumulated franking credits. For the interim dividend, the Dividend Reinvestment Plan was introduced and resulted in an almost 50 per cent take up by shareholders.

ALUMINA LIMITED STRATEGY

The Company's strategy is to invest worldwide in bauxite mining and alumina refining operations through its 40 per cent ownership of AWAC, the world's leading alumina producer.

In a dynamic environment and where the future for the bauxite and alumina industry is evolving rapidly, the Company is active in protecting and growing the value of it's investments. The alumina industry is a capital intensive industry where investment and portfolio decisions have long lasting impacts.

The Company's view of the bauxite, alumina and aluminium markets to allow detailed discussion with Alcoa and shareholders on portfolio management, investment opportunities and disruptive threats. We have worked proactively with Alcoa in recent years to ensure alignment on the restructure of the AWAC asset portfolio.

ALCOA INC SEPARATION

AWAC's two joint venture partners, Alcoa and Alumina Limited, have different corporate strategies. Alcoa remains a major primary producer of aluminium, but has a growing focus on its successful downstream and diversified manufacturing portfolio. Alumina Limited remains a focused investor in the bauxite and alumina industry.

Alcoa announced in September 2015 a plan to separate into two independent, publicly traded companies. One of the separated companies would comprise Alcoa's upstream business, including its 60 per cent interest in AWAC. The separation of Alcoa Inc should enable greater recognition of the value and attractiveness of the AWAC business. The separation plan by Alcoa and its implications for the owners of AWAC, is something Alumina Limited will closely consider, consistent with our strategy.

GOVERNANCE

Alumina Limited has elected this year to disclose its Corporate Governance Statement only on the Company website (www.aluminalimited.com/governance/), as provided for in the ASX Listing Rules. The Company reports its governance practices consistent with the 3rd Edition of the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council. Important governance changes incorporated for 2015 included modifying the Charter of the Audit & Risk Management Committee to incorporate responsibility for the Company's risk management framework and to review the risk management framework at least annually. Alumina Limited's compliance with the Corporate Governance Principles and Recommendations is defined in the Appendix 4G lodged with the ASX.

The Remuneration Report reviews the Company's remuneration strategy, policy and outcomes. The Company's 2015 Remuneration Report provides full details of the personal and corporate objectives of senior executives and an assessment of their performance against those objectives. Having regard to performance being achieved against personal and corporate objectives, a short term incentive award was made to the CEO and senior executives.

For Non-Executive Directors, there is no increase in fees for the 2015 year and fees have been unchanged since 1 January 2011.

Although the Company completed its deregistration in the US in 2015, it maintains its US American Depositary Receipts (ADR) program in the US Over-the-Counter (OTC) market, and remains committed to its US investors.

SUSTAINABILITY

At Alumina Limited we believe that sustainability efforts, linked to specific goals, are an investment in the future. AWAC's sustainability initiatives are driving efficiencies in energy usage, conserving energy and impacting the bottom line. Health and safety efforts are making a safer workplace and contributing to improved current and future well-being of employees. Biodiversity efforts are protecting the natural environment for now and future generations.

Alumina Limited's and AWAC's focus also includes emissions reductions, water management and security and continuing close engagement with the communities in which AWAC operates. All of these aspects are forward looking and support AWAC's licence to operate in the future. Alumina Limited and AWAC's sustainability targets and outcomes are discussed in greater detail in the Sustainability Update on the Company's website.

OUTLOOK

There was an excess of world alumina production compared with demand in 2015. In addition there was a significant drop in the alumina cash cost curve. Together with the lower aluminium price and margins, Chinese and Australian alumina prices fell, in the case of Australian alumina from $355 to $200 per tonne over the course of 2015: the lowest for many years.

Towards the end of 2015 and extending into 2016, this sustained low alumina price led to significant alumina production curtailments inside and outside China. AWAC announced the full curtailments of its refineries in Suriname and Texas.

In China, where the cost of production is on average much higher than AWAC's, there has been a significant curtailment response to low prices. Seven million tonnes of Chinese alumina capacity have been curtailed and planned capacity additions have been slowed. As a result, it is expected that the supply/demand surplus will tighten considerably over 2016. These factors have led to a modest price recovery in early 2016.

However, there is a risk that the curtailments of some higher cost refineries will not occur in the medium term and alumina prices will be slow to recover. Also, there is the risk that aluminium production will fall because of low metal prices, leading to lower demand for alumina.

CONCLUSION

Whatever volatile commodity markets have in store, the Company is well prepared. The AWAC asset portfolio is stronger than ever and our costs and borrowings are at very low levels. Together this means that we can withstand even the very low prices that we saw at the start of 2016.

We thank our employees for their work to sustain and improve the Company during 2015.

PETER WASOW
CHIEF EXECUTIVE OFFICER

GJ PIZZEY
CHAIRMAN

Sustainability – Future focused

AWAC is involved in the energy and resource intensive business of extracting bauxite ore and refining it into alumina, the primary raw material used in the manufacture of aluminium. The business impacts the local communities in which it operates, its employees – their health, safety and livelihood, and the natural environment directly through its activities and indirectly through products used daily that are manufactured from aluminium.

The businesses financial impact reaches to shareholders, suppliers, local communities, ancillary services, local and national governments where it operates – in Australia, Brazil, Spain, Texas in the USA and until recently, Suriname. AWAC also has minority interests in an alumina refinery and mine in Saudi Arabia and mining activities located in Guinea and Brazil.

AWAC's sustainability goals are focussed on current planning and change for future results. Sustainability goals drive business efficiencies, contributing to productivity gains and improved social and environmental outcomes. AWAC's operations and sustainability efforts and strategies are the responsibility of Alcoa, the 60 per cent partner and operator of the AWAC joint venture. AWAC shares the sustainability goals of Alcoa's upstream business. Alumina Limited supports the sustainability aspirations of Alcoa and through the governance structure of AWAC, reviews the sustainability strategy and outcomes.

AWAC's sustainability goals are clearly defined, challenging and are subject to annual scrutiny. They are incorporated into the business processes and there is a specified process of sustainability scorecards that oversee the integration of goals into business strategy and measure progress to short-term targets and also a framework of business roadmaps to achieve long-term sustainability goals.

Alumina Limited reports in reference to the global sustainability reporting principles and standards of the Global Reporting Initiative (GRI) G4. A more detailed account of Alumina Limited's and AWAC's sustainability practices and performance is available in the Company's sustainability update on the Company website.

AWAC BUSINESS	BAUXITE TO ALUMINIUM PROCESS	AWAC'S SUSTAINABILITY APPROACH	LONG-TERM SUSTAINABILITY OBJECTIVES SET BY ALCOA
BAUXITE DEPOSITS	Aluminium ore, most commonly bauxite, is plentiful and occurs mainly in tropical and sub-tropical areas–Africa, West Indies, South America and Australia–with some deposits in Europe. Although plentiful, bauxite quality is diminishing, is often not readily accessible and is becoming harder to gain approvals for expansions or new mines. AWAC is the world's largest bauxite miner. AWAC operates mines integrated with alumina refineries in Western Australia, Brazil and until late 2015, in Suriname (when it was fully curtailed). Other refineries operate in Spain and Texas in the US.	Engagement with the local communities and stakeholders is also a priority to identify and evaluate specific environmental, economic or social sustainability issues. AWAC's licence to operate is based on its recognised ability to successfully restore mining sites to their pre-mining condition, re-establishing eco-systems and biodiversity values. Before expanding or commencing a new mine, external consultants are engaged to conduct comprehensive environmental impact assessments to determine the impact the project would have on the environment. In all aspects of business development and operation, the health and safety of employees and contractors is a priority.	Zero employee and contractor fatalities. Zero work-related injuries and illnesses have been long-standing goals.

Sustainability – Future focused (continued)

AWAC BUSINESS	BAUXITE TO ALUMINIUM PROCESS	AWAC'S SUSTAINABILITY APPROACH	LONG-TERM SUSTAINABILITY OBJECTIVES SET BY ALCOA[1]
BAUXITE MINING	AWAC's bauxite deposits are generally extracted by open cast mining from strata, typically some four to six metres thick under a shallow covering of topsoil and vegetation. The topsoil is removed and stored for later use in restoration of the forest. Generally there is a layer of capstone that is removed to expose the bauxite ore which is extracted, broken up and transported to refineries for further processing. AWAC is the world's largest bauxite miner and is well positioned with long life mines. AWAC's Huntly mine is the world's largest bauxite mine, supplying bauxite ore to Pinjarra and Kwinana Refineries.	Mining is generally limited to relatively small pits and haul roads or infrastructure such as conveyors and railways are constructed to enable transportation of the ore. Particular care is taken in building roads etc. to avoid isolation of wildlife, disruption of streams and critical habitats. For example in Australia, haul roads were repositioned to protect nesting areas for threatened bird species. Mining operations can alter rainfall runoff patterns and surface and ground water hydrology which can have impacts on stream ecology and biodiversity. These are monitored and managed to preserve biodiversity.	From a 2005 baseline, a 25% reduction in average freshwater-use intensity and 30% by 2030.
MINE REHAB-ILITATION	Rehabilitation is one of the most important parts of the mining process. AWAC supports the objective of returning mined areas to a sustainable future use. In most cases this means returning disturbed land to the pre-existing flora and fauna condition. Preservation of biodiversity of plant species and fauna species is an important focus is a major consideration for rehabilitation plans or future use decisions typically rehabilitation efforts include returning collected and fresh topsoil, broadcasting collected and treated seeds and planting of nursery established plants.	A key objective at AWAC's mines and bauxite residue areas is to minimise the footprint of disturbed land by implementing a program of progressive land rehabilitation. At the Juruti mine in Brazil, AWAC has implemented the nucleation method of rehabilitation to reclaim mined out areas. This involves creating micro-environments using mounds built from topsoil and forest waste produced from mine clearing. It has helped reduce costs by 40% and flora is returning at a rate exceeding projections and attracting and maintaining wildlife in the first year instead of the expected third to fifth years.	Achieve a rolling five-year corporate-wide ratio of 0.75:1 for new active mining disturbance to rehabilitation by 2020; maintain a ratio of 1:1 by 2030 to ensure no net expansion in new disturbance.
ALUMINA REFINING PROCESS	Aluminium does not occur naturally as a metal, but must first be refined from bauxite in its oxide form. Bauxite is washed, ground and dissolved in caustic soda (sodium hydroxide) at high pressure and temperature at an alumina refinery. Approximately two tonnes of alumina are required to produce one tonne of aluminium. AWAC is the world's largest alumina business operating five alumina refineries in several countries, Australia, Brazil, Spain, Suriname and the USA. AWAC is a low cost alumina producer with global alumina production capacity of 14.1 million tonnes per year.	AWAC is developing innovative ways of adapting and using bauxite residue for alternative use. Refining alumina is an energy intensive operation therefore key AWAC sustainability targets involve improving energy efficiency and reducing GHG emissions. A strategy is to source operating locations with low carbon based power. In early 2015, the San Ciprian refinery in Spain completed its transition from fuel oil as the major energy source to cleaner natural gas.	Bauxite residue land requirements per unit of alumina produced – 15% reduction by 2020 and 30% reduction by 2030. Recycle or reuse 15% of bauxite residue generated by 2020 and 30% by 2030. From a 2005 baseline, a 10% reduction in the energy intensity of Global Primary Products (that includes AWAC operations) by 2020 and 15% by 2030.

AWAC BUSINESS	BAUXITE TO ALUMINIUM PROCESS	AWAC'S SUSTAINABILITY APPROACH	LONG-TERM SUSTAINABILITY OBJECTIVES SET BY ALCOA[1]
SMELTING	Alumina is converted into aluminium by dissolving it in an electrolytic bath of molten cryolite (sodium aluminium fluoride) within a large carbon or graphite lined steel container known as a "pot". An electric current is passed through the electrolyte at low voltage, but very high current. Molten aluminium is deposited at the bottom of the pot and is siphoned off periodically. It can be blended to an alloy specification, cleaned and then generally cast. AWAC operates a single smelter located at Portland in Australia with an equity capacity of 197,000 tonnes of metal.	The process of aluminium smelting requires significant amounts of electricity resulting in GHG emissions. Process efforts have been focussed on reducing direct emissions associated with perflurorcarbons (PFCs) in the smelting process and also opportunities to reduce energy intensity.	From a 2005 baseline, a 30% reduction in total (direct and indirect) carbon dioxide equivalent intensity in Global Primary Products (which includes AWAC's refining operations and the Portland aluminium smelter) by 2020, and 35% by 2030.

END USE

The properties of aluminium such as combining strength and lightweight, the easy ability to form, its long-life and little maintenance mean that it is in demand for a wide range of application used daily by people. Aluminium used in transport reduces the weight, fuel consumption and greenhouse gas emissions. Building products that are made from aluminium (alloys) are corrosion resistant, weather proof and virtually maintenance free over a long life time. Aluminium used in packaging provides excellent protection of food and other products that are subject to deterioration when exposed to light, oxygen, moisture and the risk of contamination from odours and micro-organisms. Also, the light weighting aspect provides savings in transportation or increase volume of the product.

RECYCLING

First produced in 1888, aluminium has become the second most-used metal in the world after iron. Nearly three-quarters of all aluminium ever made remains in use today, representing a growing 'energy and resource bank', and the metal can be recycled and reused endlessly. While AWAC is not involved in recycling of aluminium, it is important to appreciate that end product from AWAC's business can be easily recycled. Examples of areas where aluminium helps people and the economy to operate effectively and efficiently include air, road, rail and sea transport; food and medicine; packaging; construction; electronics and electricity transmission.

1 Alcoa, through their sustainability management processes, developed global sustainability objectives that are measured from a global business perspective. The sustainability objectives relate to Alcoa's Global Primary Products business of which, the AWAC assets form a substantial part of that business. However, that business included, at the time of developing these objectives, Alcoa's global aluminium smelting operations. The Portland smelter that is part of AWAC, in 2005 had relatively low direct emissions and its continuous improvement will contribute to the Alcoa goal.

Board of Directors

Alumina Limited's Directors in office as at 31 December 2015 were:

MR G JOHN PIZZEY
B.E (CHEM), DIP. MGT., FTSE, FAICD
INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN

Mr Pizzey was elected a Director of the Company on 8 June 2007. He is a Non-Executive Director of Orora Limited (appointed December 2013) and former Non-Executive Director and Chairman of Iluka Resources Ltd (appointed November 2005 and resigned December 2013) and a former Non-Executive director of Amcor Limited (appointed September 2003 and resigned December 2013).

Mr Pizzey is a life governor of Ivanhoe Grammar School and a former chairman and director of the London Metal Exchange. He is a member of the Audit and Risk Committee (formerly known as the Audit Committee) and of the Nomination and Compensation Committees and was Chair of the then Audit Committee to 30 November 2011. Mr Pizzey has extensive business experience including 33 years as an executive in the alumina and aluminium industries.

MS EMMA R STEIN
BSC (PHYSICS) HONS, MBA, FAICD, HON FELLOW WSU
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Stein was elected as a Director of the Company on 3 February 2011. Ms Stein is currently a Non-Executive Director of Diversified Utilities Energy Trust (appointed June 2004), Programmed Maintenance Services Ltd (appointed June 2010), and Transpacific Industries Group Ltd (appointed August 2011). She is a former Non-Executive Director of Transfield Services Infrastructure Fund (appointed October 2010 and resigned July 2011) and Clough Limited (appointed July 2008 and resigned December 2013). Formerly the UK Managing Director for French utility Gaz de France's energy retailing operations, Ms Stein moved to Australia in 2003. Before joining Gaz de France she was UK Divisional Managing Director for British Fuels.

Ms Stein is Chair of the Compensation Committee since 1 January 2014, current member and former Chair of the Audit and Risk Committee (Chair 28 November 2013 to 31 December 2013), and current member and former Chair of the Nomination Committee (Chair 3 March 2011 to February 2014). As a senior executive, she gained considerable international experience in management and leadership, strategy development and implementation in global industrial, energy and utilities markets. She has over a decade of experience as a listed non-executive director and board committee chair for capital intensive companies spanning resources, oil and gas and related sectors.

MR PETER C WASOW
BCOM, GRADDIPMGMT, FCPA
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Wasow was appointed Managing Director and Chief Executive Officer effective from 1 January 2014. He has responsibility for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. Prior to his appointment as CEO, Mr Wasow was a Non-Executive Director of the Company, appointed on 26 August 2011 and was a member of the Nomination Committee and Compensation Committee and a former member and Chair of the then Audit Committee (December 2011 to November 2013).

Mr Wasow served more than eight years at major Australian oil and gas producer Santos Limited from 2002 to 2010. Initially appointed as CFO, he assumed the additional role of Executive Vice President from 2008. Prior to joining Santos in 2002, Mr Wasow held several senior roles over a 23 year career at BHP including Vice President of Finance. Mr Wasow brings to the Board extensive financial skills and experience in the resource and energy industries.

MR G JOHN PIZZEY MS EMMA R STEIN MR PETER C WASOW

MR CHEN ZENG
MIF
NON-EXECUTIVE DIRECTOR

Mr Zeng was appointed as a Director of the Company on 15 March 2013. He is a member of the Nomination, Compensation and Audit and Risk Committees (appointed 7 August 2014).

Mr Zeng is also currently a director of CITIC Pacific Limited, Chief Executive Officer of CITIC Pacific Mining and Chief Executive Officer of CITIC Mining International, the new holding company of CITIC Pacific Mining. He is a former director of CITIC Limited (listed on the Hong Kong Exchange), CITIC Dameng (listed on the Hong Kong Exchange), Macarthur Coal Limited (2007 to 2011) and Marathon Resources Limited (resigned 31 January 2014). Mr Zeng also served as a director on the Board of CITIC Group between 2010 and 2011.

Before joining CITIC Pacific Mining, Mr Zeng was the Vice Chairman and CEO of CITIC Resources, a CITIC Group controlled Hong Kong listed company focused on crude oil production, metal mining and refining, and commodity trading. Mr Zeng is also the Chairman of CITIC Australia. Mr Zeng has over 26 years of experience in project development, management, and a proven record in leading cross-cultural professionals in the resources sector. He has been working in Australia since 1994 and has extensive experience in various industries including aluminium smelting and coal mining.

MR W PETER DAY
LLB (HONS), MBA, FCA, FCPA, FAICD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Day was appointed as a Director of the Company on 1 January 2014. He is a member of the Nomination and Compensation Committees and is Chair of the Audit and Risk Committee. Mr Day is also currently a Non-Executive Director of Ansell Limited (appointed August 2007), SAI Global Limited (appointed August 2008), and Boart Longyear Limited (appointed February 2014), and a former director of Federation Centres (October 2009 – February 2014) and Orbital Corporation Limited (August 2007 – February 2014). Mr Day brings extensive experience in the resource, finance and manufacturing sectors, having held a number of senior positions with Bonlac Foods, Rio Tinto, CRA, Comalco and the Australian Securities and Investments Commission. He is a former CFO of Amcor Limited.

MR MICHAEL P FERRARO
LLB (HONS) INDEPENDENT
NON-EXECUTIVE DIRECTOR

Mr Ferraro was appointed a Non-Executive Director of the Company on 5 February 2014. He is Partner, Client Development-Asia Pacific at Herbert Smith Freehills, a global law firm, and was formerly head of the Corporate Group at the firm. He was also a member of their executive management team. Between 2008 and 2010 Mr Ferraro was Chief Legal Counsel at BHP Billiton Ltd.

Mr Ferraro has considerable experience in the resources sector and has over 30 years of experience in joint ventures, mergers and acquisitions, fund raising, and regulatory issues across a wide range of sectors and countries. He also has considerable experience in the commercial and financing aspects of large transactions gained from a number of years in investment banking as a corporate adviser.

MR CHEN ZENG

MR W PETER DAY

MR MICHAEL P FERRARO

Senior Management

Alumina Limited's senior management team comprises:

PETER WASOW
BCOM, GRADDIPMGMT, FCPA
CHIEF EXECUTIVE OFFICER

Mr Wasow was appointed Chief Executive Officer effective from 1 January 2014. He has responsibility for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. Prior to his appointment as CEO, Mr Wasow was a non-executive director of the Company, appointed on 26 August 2011 and was a member of the Nomination Committee and Compensation Committee and a former member and Chair of the Audit Committee (December 2011 to November 2013).

Mr Wasow served more than eight years at major Australian oil and gas producer Santos Limited from 2002 to 2010. Initially appointed as CFO, he assumed the additional role of Executive Vice President from 2008. Prior to joining Santos in 2002, Mr Wasow held several senior roles over a 23 year career at BHP including Vice President of Finance. Mr Wasow brings to the Board extensive financial skills and experience in the resource and energy industries.

CHRIS THIRIS
BA (ACC) MBA, CA CFTP (SNR)
CHIEF FINANCIAL OFFICER

Chris Thiris joined Alumina Limited in September 2011 as Interim CFO and became CFO in December 2011. He is responsible for accounting, treasury, investor relations and taxation. Mr Thiris has extensive experience in finance and other management functions gained through senior roles he has held at Orchard Funds Limited and Coles Group Limited.

STEPHEN FOSTER
BCOM LLB (HONS) GDIPAPPFIN (SEC INST)
GRADDIP CSP ACIS
GENERAL COUNSEL AND COMPANY SECRETARY

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources. He has a wide range of legal and commercial experience gained over 30 years, at Village Roadshow and WMC Limited, after working with the legal firm of Arthur Robinson & Hedderwicks (now Allens).

ANDREW WOOD
BA LLB GDIPAPPCORPGOV (GIA) FGIA, FCIS GROUP
EXECUTIVE STRATEGY & DEVELOPMENT

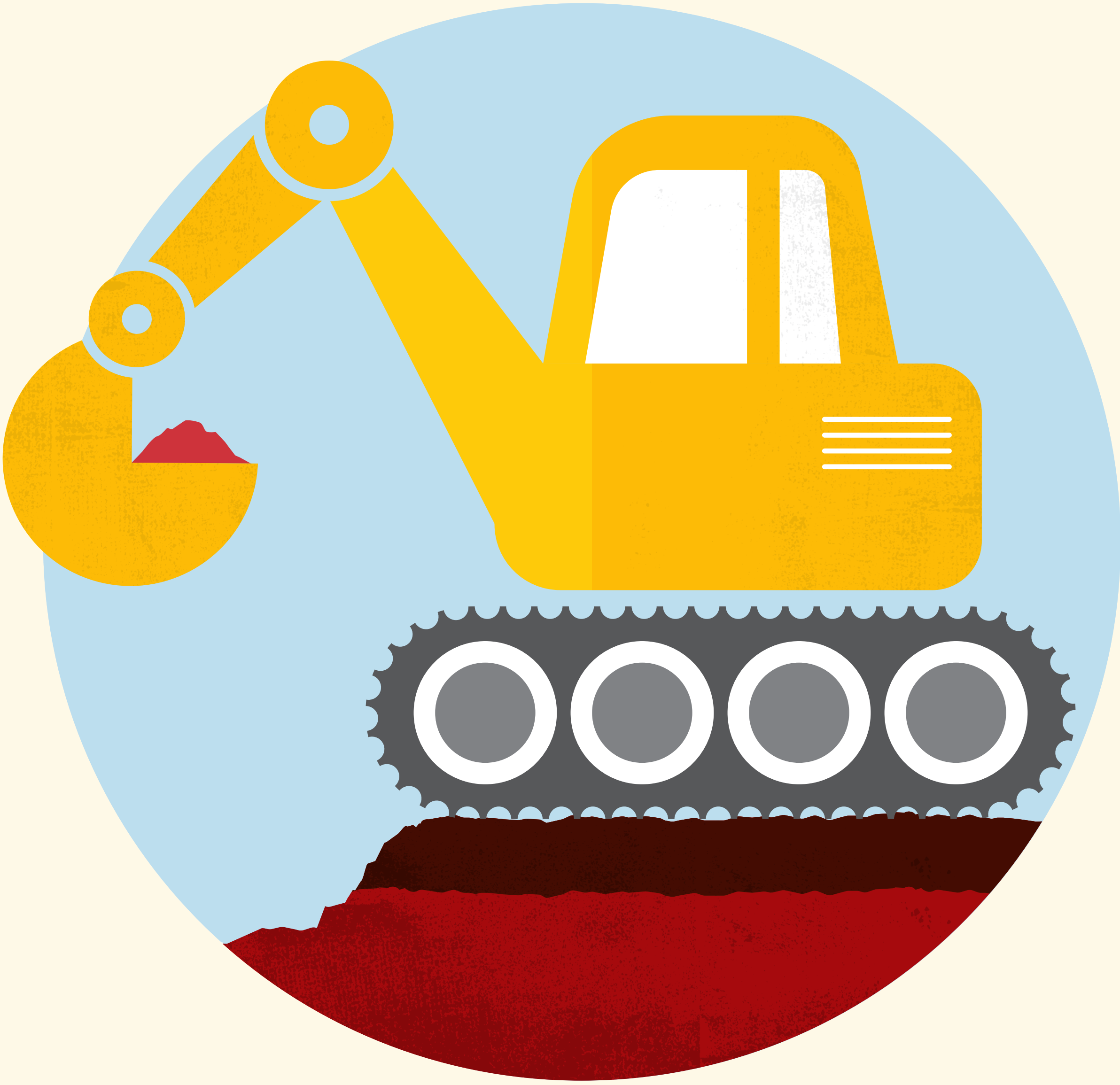
Andrew Wood is responsible for strategy and business development, including market analysis, pursuing strategic investments and developing industry relationships. He has over 20 years' resources' experience in commercial and legal roles, mainly at WMC Resources Ltd and Sibelco.


PETER WASOW


CHRIS THIRIS


STEPHEN FOSTER


ANDREW WOOD



Letter by Chair of Compensation Committee

Dear Shareholder,

2015 REMUNERATION OUTCOMES AND DECISIONS

At the start of the year, the Compensation Committee established a Short Term (STI) performance scorecard which encapsulated the key business challenges for the executive team. As trading conditions deteriorated through the year the outcomes achieved on financial measures were of particular value to shareholders. While the joint venture agreement sets out a formula for minimum dividends from AWAC, management were able to negotiate a much better outcome for Alumina Limited's shareholders such that in 2015, dividends of US6.3 cents per share were paid or declared. For longer term value, securing competitive gas supply to underpin our Western Australian operations was notable. A number of joint venture matters were also resolved.

Overall the Compensation Committee rated the STI scorecard performance at 90 per cent of target.

As previously communicated, our CEO's remuneration was re-structured in 2014 to achieve greater shareholder alignment and now consists of a higher base remuneration with equity exposure and lower STI and LTI opportunities. Overall, the package is reflective of the unique nature of Alumina Limited and the chief executive's role, and is modest when compared with peers.

Other remuneration decisions taken in 2015 for the year ahead include no remuneration increase for executives (to reflect the harsher trading reality), and maintaining director fees at the level set in 2011.

In 2015, partial vesting of the 2012 and 2013 Performance Rights resulted in an award of 49 per cent of the total opportunity of Performance Rights to the executive team, excluding the CEO.

While demand continues to grow for alumina, the industry has remained in a state of over-supply. As a result, Alumina Limited and Alcoa have acted to improve AWAC's relative cost, taking hard decisions to curtail, close or divest operations and thereby boosting the quality of the AWAC asset portfolio. It was therefore pleasing to see investors in Alumina outperforming the total shareholder returns of industry peer companies.

2015 COMPENSATION COMMITTEE AREAS OF FOCUS

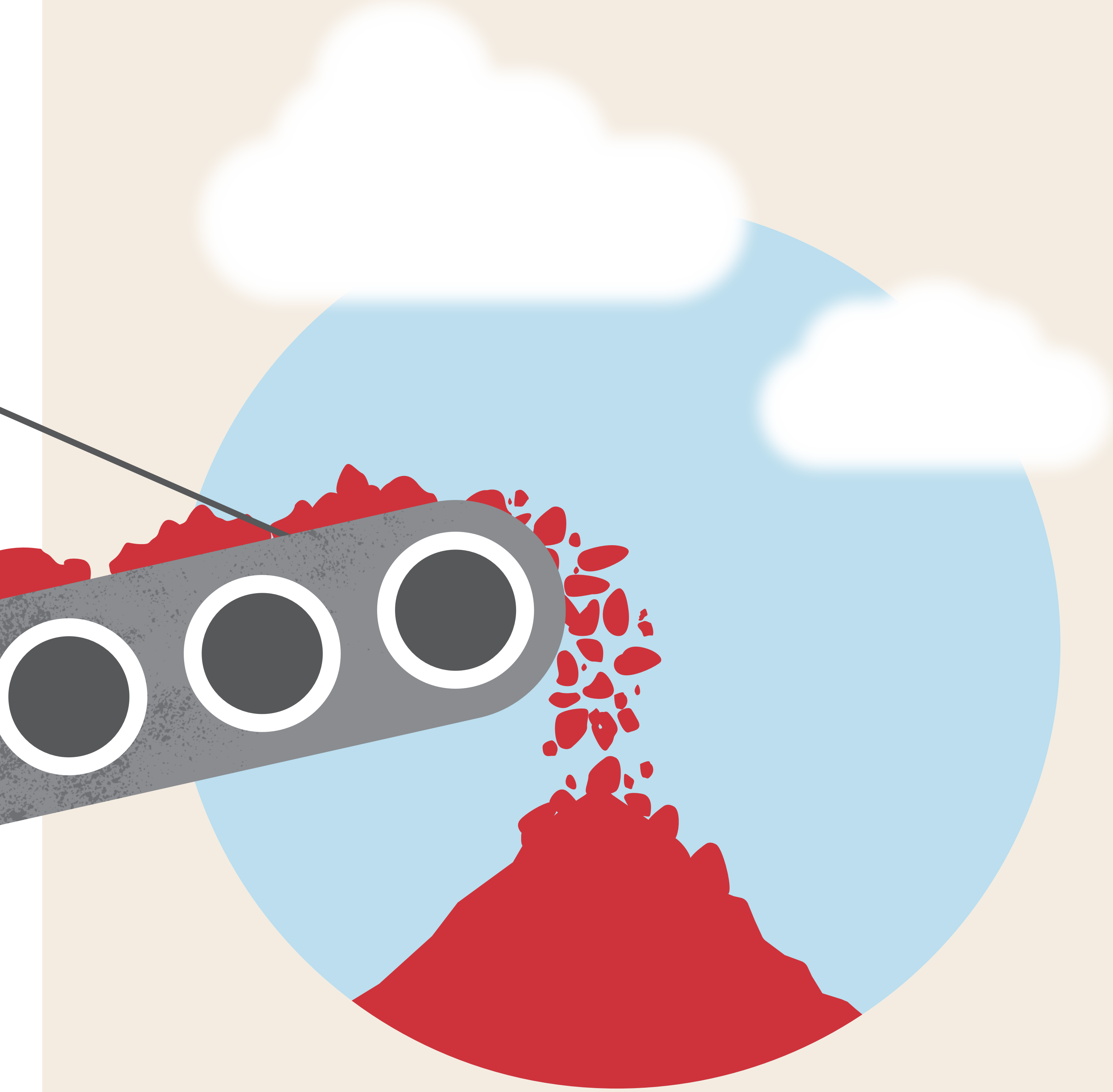
In 2015, the Committee decided to add two specific focus areas to its annual work plan:

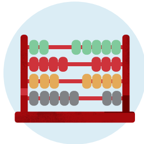
- To review the use of financial, strategic and commercial measures in the company's STI scorecard, and in the context of the AWAC joint venture, to challenge our thinking on the meaning of stretch performance and the tools used by the board to attribute value to outcomes achieved by executives. The committee is satisfied that the scorecard and mechanisms in place to assess performance and determine STI awards continue to be robust and appropriate to Alumina Limited.
- To review the relevance of the two comparator groups in the company's LTI scheme, particularly with regard to the ownership base of Alumina Limited. This work validated the use of two groups, and was able to recommend some changes to the international group.

In closing I would like to thank shareholders who have been generous with their time and provided feedback on our remuneration policies, structures and report. I would also like to thank our shareholders for their support of last year's report.

EMMA STEIN
CHAIR

Remuneration Summary





This Remuneration Summary is an abridged version of the 2015 Remuneration Report. This summary provides some understanding of the Director and Senior Executive remuneration arrangements of Alumina Limited however, for a more comprehensive examination of the Company's remuneration practices and outcomes, please review Alumina Limited's 2015 (Remuneration Report) Annual Report on the Company webiste at www.aluminalimited.com/annual_report_2015. References to Senior Executives exclude the Chief Executive Officer (CEO).

In this Remuneration Summary, all amounts are in Australian dollars unless otherwise stated.

1. REMUNERATION POLICY & FRAMEWORK

1.1 PERSONS COVERED BY THIS REPORT

This report covers remuneration arrangements and outcomes for the following key management personnel (KMP) of Alumina Limited:

NAME	ROLE	
NON-EXECUTIVE DIRECTORS		
John Pizzey	Non-Executive Chairman	Appointed Chairman 1 December 2011 (director 8 June 2007)
Emma Stein	Non-Executive Director	Appointed 3 February 2011
Chen Zeng	Non-Executive Director	Appointed 15 March 2013
Peter Day	Non-Executive Director	Appointed 1 January 2014
Mike Ferraro	Non-Executive Director	Appointed 5 February 2014
EXECUTIVE DIRECTOR		
Peter Wasow	Chief Executive Officer (CEO)	Appointed CEO 1 January 2014
OTHER KMP		
Chris Thiris	Chief Financial Officer (CFO)	Appointed 13 December 2011
Stephen Foster	General Counsel/Company Secretary	Appointed 4 December 2002
Andrew Wood	Group Executive Strategy & Development	Employed 1 September 2008

1.2 REMUNERATION FRAMEWORK

1.2.1 REMUNERATION IN BUSINESS CONTEXT

Alumina Limited's remuneration strategy and policy has been developed in recognition of the unique nature of the Company, the complexities of managing a significant but non-controlling minority interest in a global joint venture and the significance of external factors influence on the sector and the Company's performance.

Alumina Limited owns a 40 per cent interest in the multi-billion dollar world-wide enterprise, AWAC, the world's largest alumina and bauxite producer. Alcoa Inc. owns the remaining 60 per cent and additionally, is responsible for AWAC's operational management. Alumina Limited is invested solely in the AWAC joint venture however for Alcoa, the AWAC assets form part of their upstream business at a time when Alcoa has increasingly focused on developing its downstream manufacturing businesses. As a result the partners can have differing priorities and objectives for AWAC. Alumina Limited's executives are responsible for protecting and advancing the interests of its 59,000 shareholders in the management of the AWAC portfolio of assets. AWAC is a large capital-intensive business operating in a number of jurisdictions, some in remote locations.

The Board has specifically charged the CEO and senior executives with maintaining Alumina Limited's investment grade rating, continued overhead discipline (particularly important in 2015 as difficult trading conditions emerged) and supporting the joint venture in its efforts to improve its relative cost position. With only four key executive officers, Alumina Limited requires high calibre people with strong skills sets and commercial experience to ensure the Company and its investment are managed well. The Company and its investment are also subject to rigorous governance regimes and financial and reporting controls.

REMUNERATION IN BUSINESS CONTEXT – ALUMINA LIMITED'S EXECUTIVES ARE CHARGED WITH DELIVERING ON ALUMINA'S BUSINESS STRATEGY

Shaping AWAC's strategy, competitive position and options

Maintaining Alumina Limited's Investment Grade Balance Sheet and Metrics in a Highly Cyclical Environment

Managing Alumina Limited's investment as a tier one largely pure play global bauxite and alumina producer

Alumina Limited's cash flow optimisation – above minimum joint venture dividends and Year on Year Overhead Discipline

TO DELIVER ON ALUMINA'S BUSINESS STRATEGY, THE REMUNERATION STRATEGY HAS BEEN DESIGNED TO:

ATTRACT THE RIGHT PEOPLE, OFFER COMPETITIVE PERFORMANCE-BASED REMUNERATION

- Attract executives who are highly commercial, strategic and have tactical experience.
- Remuneration needs to be competitive in a market context.

REWARD RESULTS DELIVERED BY EXECUTIVES

- The remuneration framework gives greater prominence to strategic, corporate and commercial initiatives so that the impact of short-term financial metrics are appropriately weighted.
- When compared with peers, executives are rewarded lower levels of maximum short term incentives reflecting the Board's intention that executive reward should not peak merely because commodities are at the 'top of cycle'.

ALIGN COMPANY, EXECUTIVE AND BOARD AND STAKEHOLDER INTERESTS THROUGH SHARE OWNERSHIP

- The remuneration structure has been designed so that the FAR and LTI components of the CEO's remuneration are impacted by the Company's share price.
- Alumina Limited has a minimum shareholding policy for Non-executive directors.
- Different mechanisms across all the remuneration components (FAR, STI and LTI) expose executives to the Company's share price, facilitate executives in building meaningful equity positions, and some rewards are deferred so that executives are encouraged to be committed for a meaningful period of time.

THE REMUNERATION STRATEGY IS DELIVERED VIA THE FOLLOWING REMUNERATION COMPONENTS:

FIXED REMUNERATION

- Set to attract, retain and motivate the right talent to deliver on the Group's strategy. The Board takes in to account individual performance, skills, expertise and experience as well as external benchmarking to determine executive's fixed remuneration.

'AT RISK' REMUNERATION (SHORT TERM AND LONG TERM INCENTIVES)

- The 'at risk' components are based on performance against key financial, commercial and strategic measures that are linked to generating satisfactory returns for shareholders.
- Awarding of the STI component is also dependent on achievement of certain financial "gateway" measures.
- The LTI component involves two performance measures, one domestic and the other international. More detail on the 'at risk' remuneration components and their link to company performance is included in section 2 of the Remuneration Report (Annual Report).

1.2.2 REMUNERATION COMPONENTS

The following table sets out the different components of the CEO and Senior Executive remuneration, the performance measures used to determine the amount of remuneration executives will receive and how the performance measures drive achievement of Alumina Limited's strategic objectives.

TABLE 1 COMPONENTS OF EXECUTIVE REMUNERATION

COMPONENT	PERFORMANCE MEASURE	STRATEGIC OBJECTIVE
Fixed Remuneration (delivered through cash and equity for the CEO and through cash for other executives)	Considerations: • Individual's role and responsibilities • Depth of knowledge and skill set • Level of expertise and effectiveness • Market (benchmarking)	Secure, retain and motivate a highly skilled and experienced executive team.
Short Term Incentive (STI) (delivered through cash for the CEO and Mr Wood and a mix of cash and equity for the CFO and General Counsel)	**Corporate Scorecard (50% of STI Award)** Minimum Performance Threshold To trigger payment under the Corporate Scorecard, a minimum threshold of performance is required being: • The achievement of a profit after significant items; or • The payment of a dividend to shareholders	This reinforces discipline in financial management and goal setting also providing determinable outcomes that are linked to the Company's performance.
	Financial objectives based on controllable metrics: • Free Cash flow • Investment rating	• Cash flow from AWAC is fundamental to Alumina Limited's capacity to pay dividends and to meet the terms of external financing. • A sound balance sheet with key banking relationships is critical to the Company's strength, stability and future success.
	• Strategic and individual objectives	• Aligned to strategic and growth objectives. • Improve long-term cost curve positioning and strategic options to develop the business. • Protect Alumina Limited's interests through increased clarity on AWAC governance. • Ensuring Alcoa treats AWAC transactions at arm's length and Alumina Limited's shareholders' interests are protected in short and long term.
	Personal Scorecard (50% of STI Award) Implementation of business initiatives for which individual executives have defined accountabilities.	• Improve internal operating efficiency and profitability.
Long-term Incentive Plan (LTI) (delivered as equity)	Three year Company TSR performance equal to or outperforming 50 per cent of two comparator groups results. • A result below 50 per cent will not result in an award of equity to the Company participants.	• Emphasises the importance that management strive to maintain the share price through the volatility involved in a capital intensive business heavily impacted by external factors. • Linked to long-term business strategy and focuses executives on key performance drivers for sustainable growth. • Links rewards of participants of the Plan to the experience of the shareholders.

Remuneration Summary (continued)

1.2.3 CEO AND SENIOR EXECUTIVES REMUNERATION MIX AND COMPARABLES

REMUNERATION MIX OVERVIEW

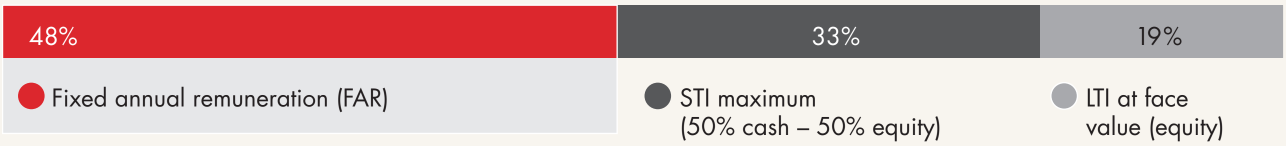
The Chief Executive Officer, other senior executives and professional employees all share the same remuneration principles. However, there are differences in the structures and relativities.

In setting the CEO and executive remuneration quantum and mix, the Board takes into account a number of factors including:

- The scope of the individual's role
- Their skills and experience
- Role-critical factors
- Company performance
- External market practice.

CEO 2015 TOTAL OPPORTUNITY REMUNERATION MIX

SENIOR EXECUTIVES[1] 2015 TOTAL OPPORTUNITY REMUNERATION MIX



1 Mr Wood's remuneration mix differs from the other senior executives. His maximum potential award is FAR 55%, STI 28% and LTI 17%. Mr Wood's STI is received in cash only.

CEO

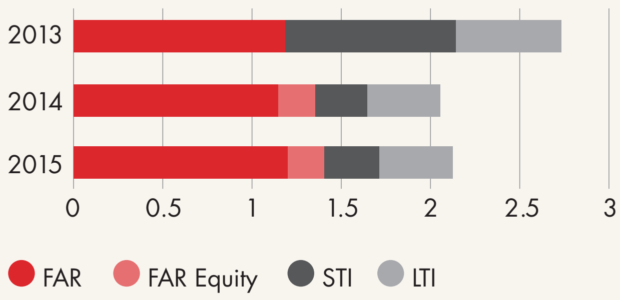
While the CEO's remuneration has a higher weighting to fixed remuneration, this is reflective of the fact that his STI and LTI opportunity have been substantially reduced when compared with that of his predecessor. As demonstrated by the adjacent chart, the CEO's 2015 'at target' repositioned remuneration package is significantly different to the 'at target' profile of the previous CEO. Further, the CEO's fixed remuneration, and total target remuneration, is modest relative to his peers. The reweighting of the CEO's package aligns with Alumina Limited's remuneration strategy, in particular to have lower levels of maximum short term incentives when compared with peers, reflecting the Board's intention that executive reward should not peak merely because commodities are at the 'top of cycle'.

Also, as part of the renegotiation in 2013, the CEO's fixed remuneration includes an annual share right component. The share rights are conditional on a minimum of 18 months service and if satisfied, is followed by a further 18 month deferral period (three years in total) from the date of the grant and are subject to share price fluctuations and therefore the final value reflects the experience of shareholders over the deferral period.

In 2015, the grant value of the share right component was $207,000. Including the LTI component of 19 per cent, the CEO has approximately 30 percent of his 'at target' remuneration allocated as equity. This reinforces the remuneration policy that the CEO acts in the longer term interests of the Company and its shareholders. The CEO's fixed remuneration remains unchanged for 2016.

The Board is satisfied that, while the CEO's total target remuneration is modest relative to his peers, it is appropriate in the context of Alumina Limited being a non-operating partner of the AWAC joint venture but also recognising the bauxite, alumina and aluminium industry is global, complex and dynamic.

CEO AT TARGET REMUNERATION (A$ MILLION)



SENIOR EXECUTIVE[1]

The senior executives (excluding Mr Wood who has a different remuneration mix) fixed remuneration represents 51 per cent of their total at target remuneration (TTR). Although the senior executives (excluding Mr Wood) are eligible to receive approximately 50 per cent of their STI award in cash, they are required under the terms of the STI Plan to apply 50 per cent of their after tax STI award in purchasing Alumina shares that must be held for three years. In total, senior executives would hold approximately 35 per cent of their at target remuneration on a deferred basis.

1 Mr Wood is employed under a different remuneration arrangement to other senior executives. Mr Wood receives 100 per cent of any STI award in cash and is not required to apply any towards the purchase of Alumina Limited's shares.

2. COMPANY PERFORMANCE & EXECUTIVE REMUNERATION OUTCOMES

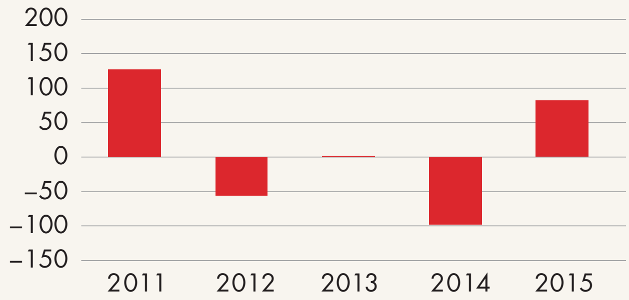
In the first half of 2015 the AWAC business achieved solid returns due to the then index or spot price for alumina, the strategy to curtail or sell higher cost alumina refineries, lower energy costs and a strengthening US dollar. The latter half of 2015 was dominated by a declining alumina price and poor market fundamentals. In the fourth quarter of 2015, the alumina price fell 24 per cent (and 48 per cent over the entire year). The price fall had a corresponding negative impact on second half earnings. Also, a negative impact on the full year profit for 2015 resulted from charges associated with the strategy of repositioning AWAC's asset portfolio. Alumina Limited equity accounted charges of US$169.9 million were incurred from the curtailment of the Suralco and Point Comfort alumina refineries and the closure of the Anglesea power station.

Despite the downturn in the second half of the year, AWAC distributed US$106.3 million in dividends, distributions and capital returns and Alumina Limited's full year net profit was US$88.3 million (up 190% from the previous year) as reported, or US$258.2 million, excluding significant items

Earnings per share were US3.1 cents in 2015 (negative US3.5 cents in 2014)

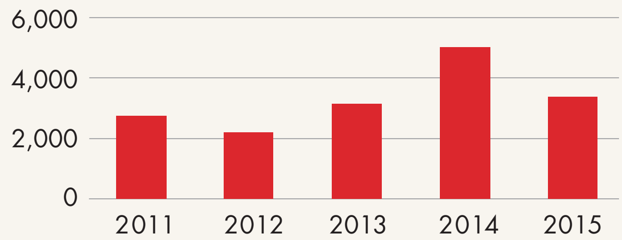
The diagrams that follow highlight Alumina Limited's share price performance over the year and performance against market indicators.

NET (LOSS)/PROFIT AFTER TAX (US $MILLION)

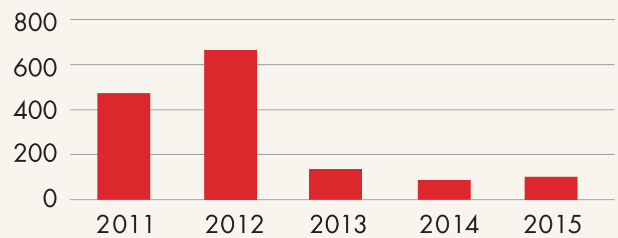


DIVIDENDS DECLARED PER SHARE (US CENTS PER SHARE)

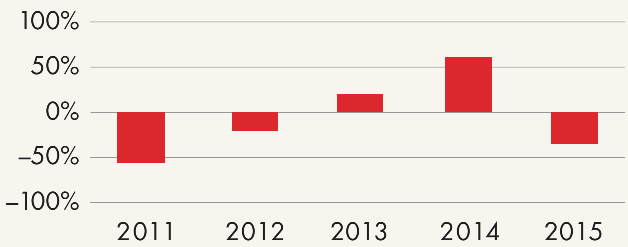
MARKET CAPITALISATION (US$ MILLION)



NET DEBT (US$ MILLION)



PERCENTAGE CHANGE IN SHARE PRICE



2.1 REMUNERATION DECISIONS AND OUTCOMES FOR 2015 – STATUTORY

FIXED REMUNERATION	
2015 OUTCOMES	As disclosed in last year's report, following a review of external data points and in the context of the Company's 2014 performance, the CEO and senior executives received an increase of 3.5 per cent to their fixed remuneration effective 1 January 2015. The CEO's Performance Rights and STI levels are expressed in dollar terms, and the Compensation Committee recommended that the 3.5 per cent increase should be applied to these dollar amounts. The fixed remuneration for the CEO and senior executives did not increase for 2016.
SHORT TERM INCENTIVE	
2015 OUTCOMES	**CORPORATE SCORECARD** In 2015, the Board is pleased to report that, consistent with Alumina Limited's sound financial performance, financial targets were exceeded and the highest dividend since 2011 was paid to shareholders triggering payment under the corporate element of the scorecard. For a detailed summary of performance against the Corporate Scorecard see page 52 of the Remuneration Report (Annual Report). **PERSONAL SCORECARD** In 2015, in aggregate, executives performed well against the Personal Scorecard. The Compensation Committee recommended individual executive performance ratings and STI payments based on: • assessment of Balanced scorecard outcomes • appropriateness in the context of shareholder returns • consideration of other factors (e.g. highly valuable outcomes which were not on the Personal Scorecard.) For a detailed performance against the Personal Scorecard see page 53 of the Remuneration Report (Annual Report). In total, in 2015, Alumina's STI scheme paid $1,126,000 to its KMPs, which was an increase of $116,000 on 2014's level. **NET PROFIT/(LOSS) AFTER TAX EXCLUDING SIGNIFICANT ITEMS** The reported full year net profit after tax of US$88.3 million was the highest profit before significant items since 2011. In 2015, in line with the policy outlined in the 2014 Remuneration Report, when calculating STI outcomes the Board determined to exclude costs associated with the curtailment of the Suralco and Point Comfort alumina refineries and charges relating to the closure of the Anglesea power station on the basis that these decisions were consistent with the strategy to reposition AWAC's asset portfolio, and in the best long-term interest of shareholders. Further information outlining the Board's decision to exclude these items are outlined on page 53 of the Remuneration Report (Annual Report).

FIXED REMUNERATION	
LONG TERM INCENTIVE	
2015 OUTCOMES	In 2015, the 2013 LTI grant was tested, and the 2012 LTI grant was retested for the second (and final) time. (Note; retesting of LTI grants was abolished from 2014). Both tranches failed to meet the minimum vesting criteria against the ASX Comparator Group. However, partial vesting occurred for both tranches matched to the International Comparator Group. In line with Alumina's performance when compared with the comparator group, approximately 45 per cent of Performance Rights granted in 2012 and 49 per cent of 2013 Performance Rights vested to eligible participants. For further information on outcomes under the LTI see page 54 of the Remuneration Report (Annual Report). International Comparator Group In 2015, the International Comparator Group consisted of the following companies in the alumina and aluminium industry: • Alcoa Inc. • United Company Rusal • Noranda Aluminium Holdings • Century Aluminium • Aluminium Corporation of China • Norsk Hydro • Hindalco Industries Shandong Nanshan was omitted from the testing due to it ceasing to trade. The Compensation Committee undertook a rigorous review of the International Comparator Group in 2015 with a view to expanding the size of the group. While there was a change in the composition of the comparator group, due to the limited number of relevant companies against which to test on a like basis Alumina Limited's performance, the international comparator group continues to comprise of eight companies. Further information can be found on page 54 of the Remuneration Report (Annual Report).

EQUITY POSITIONS

As a result of the 2015 remuneration decisions and policy operation, all senior executives and the CEO continued to increase their equity holdings and exposures. The CEO and CFO continue to increase their respective holdings in the Company. Their equity positions are summarised in tables on pages 58 and 59 of the Remuneration Report (Annual Report).

2.3 EXECUTIVE KMP REMUNERATION AND EQUITY GRANTED IN 2015

The following tables contain the components that form the total statutory remuneration paid in 2014 to the Company's CEO and senior executives. Remuneration outcomes presented in Table 6 are prepared in accordance with relevant accounting standards.

CHIEF EXECUTIVE OFFICER'S AND SENIOR EXECUTIVES REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2015

		Short-Term Benefits					Post-employment benefits	Share based payments			TOTAL REMUNER-ATION
KMP	Year	FAR[1]	STI[2]	Non Monetary[3]	Other[4]	Total	Super-annuation[5]	FAR[1]	Performance rights[6]	Total	
Peter Wasow (CEO)	**2015**	**1,171,254**	**375,000**	**30,661**	**10,344**	**1,587,259**	**19,046**	**213,205**	**217,109**	**430,314**	**2,036,619**
	2014	1,131,721	300,000	28,120	129,516	1,589,357	18,279	122,222	125,240	247,462	1,855,098
Chris Thiris (CFO)	**2015**	**656,454**	**368,000**	**25,839**	**–**	**1,050,293**	**34,946**	**–**	**230,049**	**230.049**	**1,315,288**
	2014	638,021	344,000	23,368	–	1,005,389	29,979	–	168,690	168,690	1,204,058
Stephen Foster (General Counsel/ Company Secretary)	**2015**	**492,935**	**275,000**	**24,866**	**–**	**792,801**	**23,565**	**–**	**172,096**	**172,096**	**988,462**
	2014	476,739	255,000	22,105	–	753,844	22,261	–	161,748	161,748	937,853
Andrew Wood (Group Executive Strategy and Development)	**2015**	**345,454**	**108,000**	**11,045**	**–**	**464,499**	**19,046**	**–**	**68,698**	**68,698**	**552,243**
	2014	333,821	111,000	14,347	–	459,168	18,279	–	57,033	57,033	534,480
Total Executive remuneration	**2015**	**2,666,097**	**1,126,000**	**92,411**	**10,344**	**3,894,852**	**96,603**	**213,205**	**687,952**	**901,157**	**4,892,612**
	2014	2,580,302	1,010,000	87,940	129,516	3,807,758	88,798	122,222	512,711	634,933	4,531,489

1 Short-Term FAR is the total cost of salary, exclusive of superannuation. FAR for Mr Wasow includes a conditional rights share based payment that is amortised over an 18 month (conditional) period. In 2015, Mr Wasow received 114,930 conditional rights calculated by dividing the aggregate grant value of $207,000 by an independently determined Volume Weighted Average Price (VWAP) of $1.8011 per right. The grant date was 7 January 2015 with release date of 28 December 2017. The rights vest immediately after the 18 month (conditional) period and only then is Mr Wasow entitled to any benefits or entitlements attaching to the shares. While Mr Wasow is employed by the Company, and unless the Board otherwise determines, he may not dispose of or otherwise deal or purport to deal with any Shares transferred to him upon vesting of the Award, until (and including) the Release Date. In 2014, Mr Wasow was the recipient of 164,908 share rights at a VWAP of $1.2128. The grant date was 10 February 2014.

2 Short-term incentive payments reflect the cash value paid for the years ended 31 December 2015 and 31 December 2014.

3 Non-monetary benefits represent accrued long service leave and value of the car park.

4 Other short-term benefits include personal financial advice allowance and travel allowance. For 2014 it also includes relocation costs for Mr Wasow.

5 Superannuation contributions reflect the SGC payment.

6 In accordance with AASB 2, the value attributed to Performance Rights represents the amortisation for the reporting period of the value at grant date of all previously granted Performance Rights that have neither vested nor lapsed. The value at grant date is amortised over a three year period.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

The maximum remuneration for Non-Executive Directors is determined by resolution of shareholders. As approved at the 2011 AGM, the maximum aggregate remuneration approved for Non-Executive Directors is currently $1,250,000 per annum. A total of $1,116,249 was paid in Non-Executive Director fees in 2015.

In 2015 Non-Executive Director's base fees remained unchanged from the fee level set in 2011. In addition to the base fee, Non-Executive Directors receive fees for participation on the Board Committees and Superannuation Guarantee Contributions.

Committee Member	$10,000 (aggregate)
Compensation Committee Chair[1]	$15,000
Audit & Risk Committee Chair	$15,000
Other Committee Chair	$10,000

1 Effective from 1 January 2015, the Chair of the Compensation Committee will receive an additional $5,000 in recognition of the increased workload.

Non-Executive Directors do not receive any other retirement benefits or performance based incentives, rights or options.

The Board reviewed Non-Executive Directors' fees and determined in the context of business conditions that there would be no increase for the 2016 year.

Non-Executive Directors' remuneration details are set out in the Table below.

TABLE 13

		SHORT-TERM BENEFITS		POST EMPLOYMENT	
		Fees – Cash	Non-monetary benefits	Superannuation Guarantee[1]	Total Remuneration
John Pizzey	**2015**	**357,425**	**–**	**19,045**	**376,470**
	2014	358,191	–	18,279	376,470
Emma Stein	**2015**	**174,174**	**–**	**16,576**	**190,750**
	2014	169,395	–	15,905	185,300
Chen Zeng	**2014**	**159,430**	**–**	**14,969**	**174,399**
	2014	159,430	–	14,969	174,399
Peter Day	**2015**	**174,174**	**–**	**16,576**	**190,750**
	2014	174,359	–	16,371	190,730
Mike Ferraro[2]	**2015**	**169,198**	**–**	**16,102**	**185,300**
	2014	151,059	–	14,210	165,269
Total	**2015**	**1,034,216**	**–**	**82,033**	**1,116,249**
	2014	1,012,434	–	79,734	1,092,168

1 Non-Executive Directors receive, in addition to their fees, a SGC. For 2014, this was initially 9.25 per cent (and adjusted to 9.5 per cent. in July 2014). For 2015, the applicable rate was 9.5 per cent.). Non-Executive Directors do not receive any other retirement benefits.

2 Mr Ferraro's increase in the value of remuneration from 2014 was the combination of Mr Ferraro being appointed Chair of the Nomination Committee in 2015 and his 2014 remuneration relates only to an 11 month period (Mr Ferraro was appointed a Non-Executive Director in February 2014).

Condensed Consolidated Statement of Financial Position

	US$ MILLION	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	9.3	24.9
Receivables	–	0.2
Other assets	3.3	3.5
Total current assets	**12.6**	**28.6**
NON-CURRENT ASSETS		
Investments in associates	2,098.0	2,514.5
Property, plant and equipment	0.1	0.1
Total non-current assets	**2,098.1**	**2,514.6**
Total Assets	**2,110.7**	**2,543.2**
CURRENT LIABILITIES		
Payables	1.7	1.9
Provisions	0.2	0.2
Current tax liabilities	–	0.8
Other	0.2	0.2
Total current liabilities	**2.1**	**3.1**
NON-CURRENT LIABILITIES		
Borrowings	110.5	111.5
Derivative financial instruments	14.7	4.1
Provisions	0.5	0.5
Total non-current liabilities	**125.7**	**116.1**
Total Liabilities	**127.8**	**119.2**
Net Assets	**1,982.9**	**2,424.0**
EQUITY		
Contributed equity	2,682.9	2,620.0
Treasury shares	(1.4)	(1.2)
Retained earnings	607.3	658.2
Reserves	(1,305.9)	(853.0)
Total Equity	**1,982.9**	**2,424.0**

Financial History

ALUMINA LIMITED AND CONTROLLED ENTITIES

AS AT 31 DECEMBER	2015 US$ million	2014 US$ million	2013 US$ million	2012 US$ million	2011 US$ million
Revenue from continuing operations	**0.1**	0.1	0.3	0.1	0.2
Share of net profit/(loss) of associates accounted for using the equity method	**109.9**	(73.6)	(97.4)	(7.5)	173.1
Other income	**–**	1.5	137.1	–	–
General and administrative expenses	**(11.9)**	(13.5)	(17.2)	(19.0)	(17.3)
Change in fair value of derivatives/foreign exchange losses	**(3.2)**	1.6	3.0	0.6	0.1
Finance costs	**(6.6)**	(13.6)	(25.3)	(29.4)	(28.5)
Income tax (expense)/benefit from continuing operations	**–**	(0.8)	–	(0.4)	(1.0)
Net profit/(loss) attributable to owners of Alumina Limited	**88.3**	(98.3)	0.5	(55.6)	126.6
Total assets	**2,110.7**	2,543.2	2,964.0	3,311.4	3,350.4
Total liabilities	**127.8**	119.2	170.6	682.9	496.4
Net assets	**1,982.9**	2,424.0	2,793.4	2,628.5	2,854.0
Shareholders' funds	**1,982.9**	2,424.0	2,793.4	2,628.5	2,854.0
Dividends declared	**171.2**[2]	–	–	73.2[3]	170.8
Dividends received from AWAC	**61.4**	16.0	100.0	86.0	232.2
Statistics					
Dividends declared per ordinary share	**US6.3c**[4]	US1.6c	–[5]	–[5]	US6.0c
Dividend payout ratio	**202%**	–	–	–	136%
Return on equity[1]	**3.9%**	(3.5)%	0.02%	(2.0)%	4.1%
Gearing (net debt to equity)	**4.8%**	3.4%	4.6%	20.1%	14.1%
Net tangible assets backing per share	**$0.60**	$0.77	$0.91	$0.97	$1.06

1 Based on net profit attributable to members of Alumina Limited.

2 Final dividend for the financial year ended 31 December 2014, declared and paid in 2015 and interim dividend for the year ended 31 December 2015, declared and paid in 2015.

3 Final dividend for the financial year ended 31 December 2011, declared and paid in 2012.

4 Interim dividend of 4.5 cents per share and final dividend of 1.8 cents per share for the year ended 31 December 2015.

5 No interim or final dividend declared for the years ended 31 December 2013 and 31 December 2012.

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