



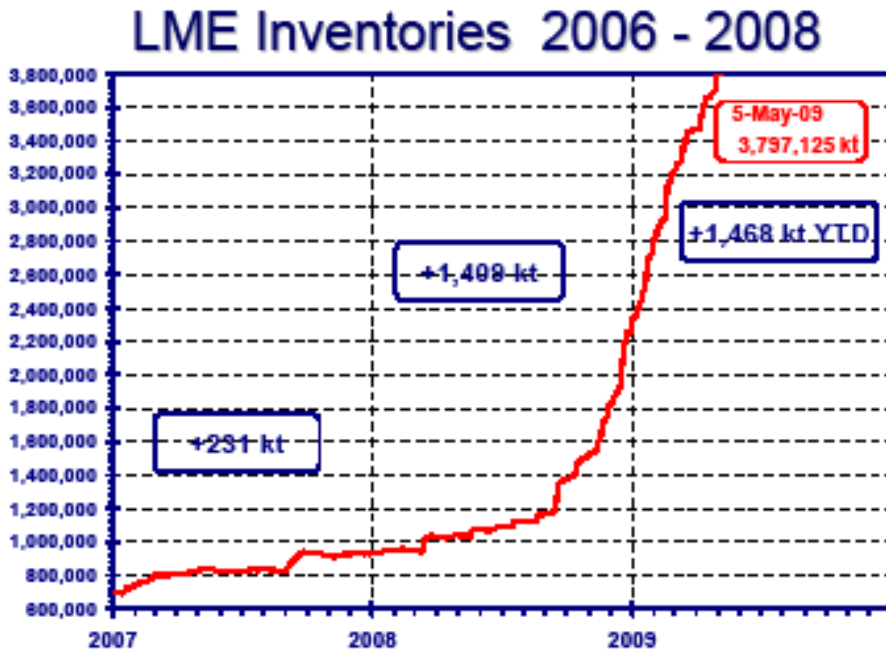
Community Forum

State of the Alumina Industry

May 2009

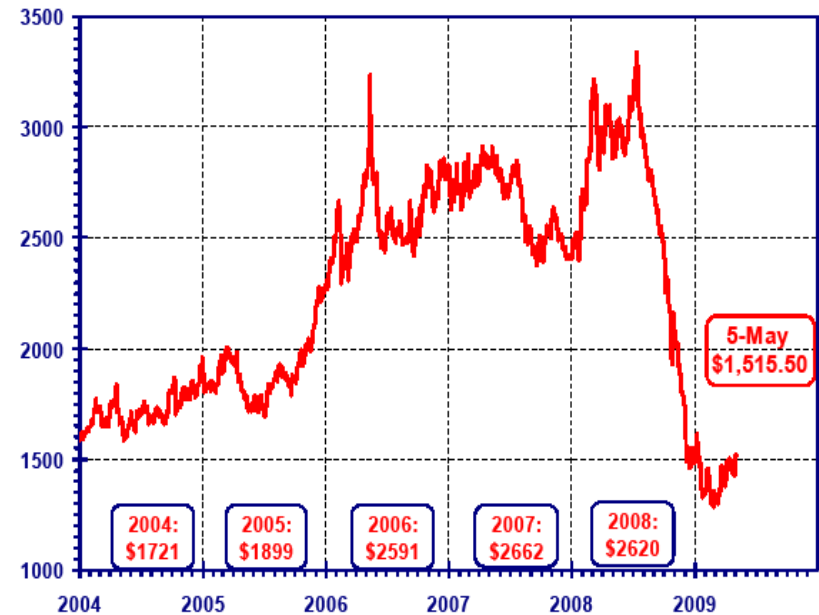


Market - Aluminium Price/Inventory



Inventory still climbing

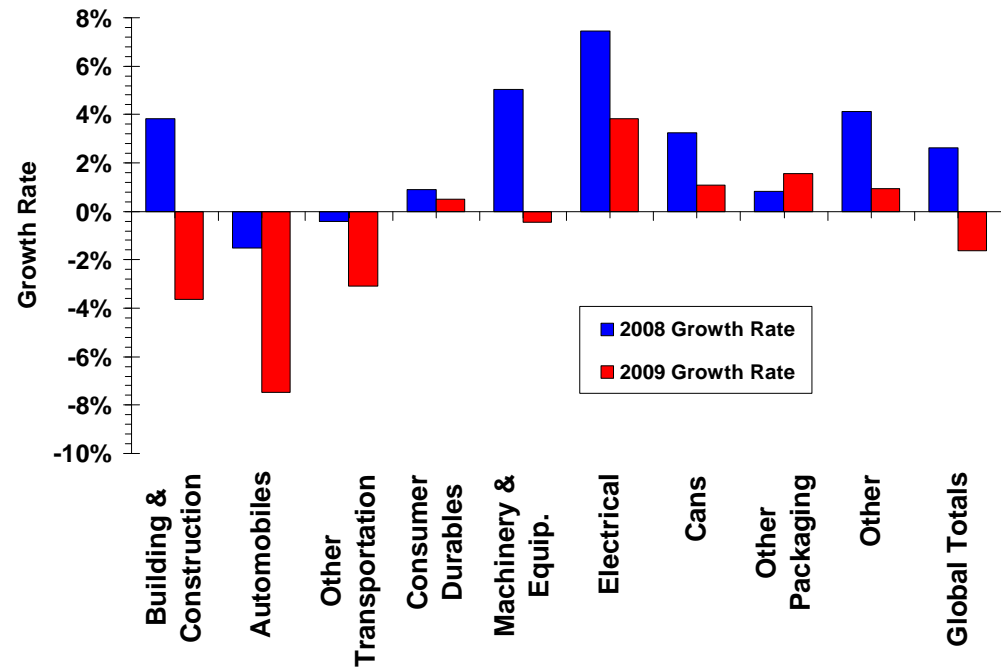
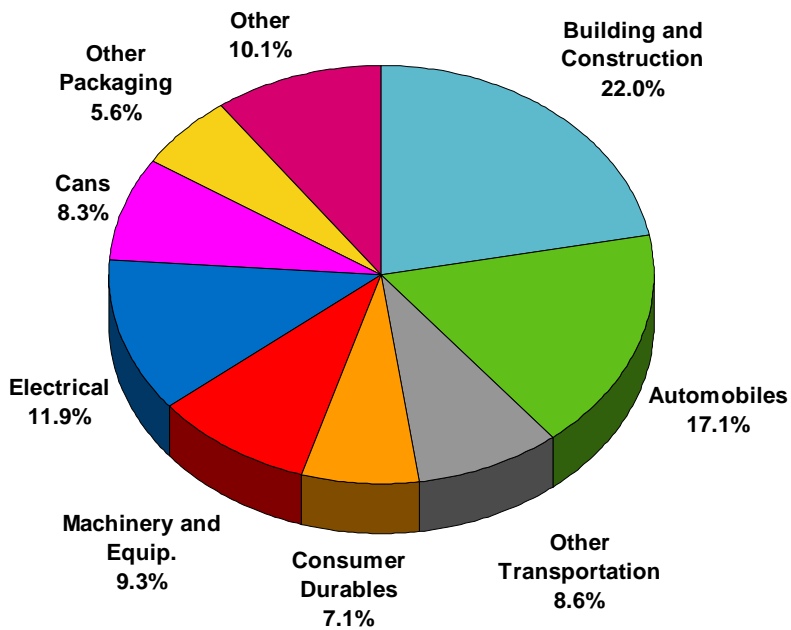
LME 3-Months Daily Price 2004 - 2009



Price still low



Demand By End User





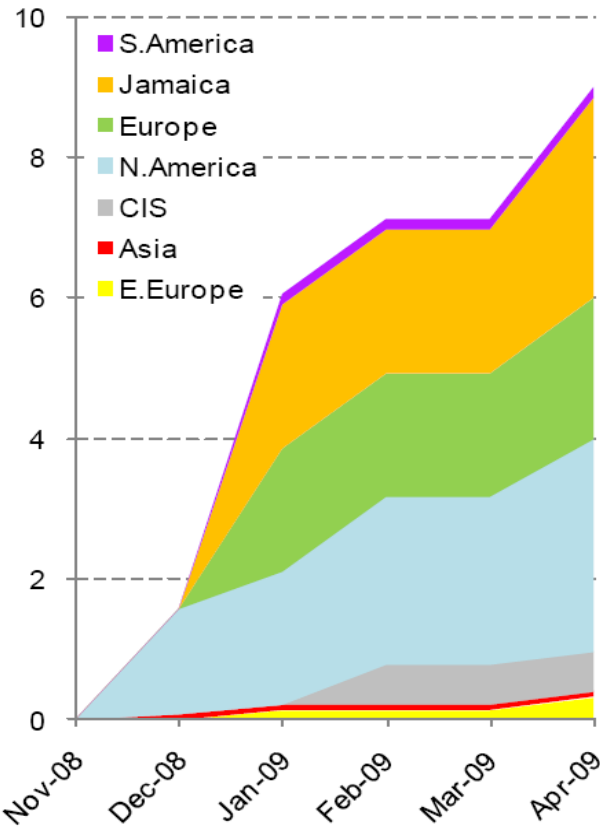
Alumina Industry Status

- Total world alumina capacity is approx. 80mt
- Predictions are that 29% idle by Q2 2009
 - Rusal:
 - Shut Windalco, Eurallumina, Alpart
 - Curtailed Aughinish
 - Rio:
 - Curtailed Vaudreuil
- Only 1st quartile producers turning a profit



Over 9m tpy of alumina capacity has been closed outside of China

('m tonnes)



Data: CRU

Capacity continues to come off:

Alcoa announced 870,000 t curtailment at Suralco this month

Projects slowed:

Yarwun II

Maa'den



Impact on QAL - Costs

- **No longer business as usual**
- Current direction will not impact HSEC and production
- Capital expenditure approvals have been reduced by \$14m and this will continue into 2010
- We have already reduced operating expenses - both large and small
- But we need to keep looking



QAL Costs (continued)

- Numerous initiatives being investigated
 - Controllable Raw Materials and Energy Costs
 - Maintenance deferrals
 - Contract re-negotiations (caustic, coal, rail etc)
 - Inventory reductions
 - Cost focus team
 - Refinery Structure
 - Collaboration with Rio



What Does The Future Hold?

- Focussing on 2009/10
- QAL is currently expected to deliver 4.012 mt in 2009
- QAL will have to react to market conditions
- QAL will have to react to Owners decisions



Do Business The QAL Way:

- ***Safer***
- ***Cleaner***
- ***Better***