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Title: Open Briefing®. Orica Ltd. CEO on Minova Acquisition

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Orica Limited yesterday announced an agreement to acquire mining services company Minova from Close Brothers Private Equity for GBP348 million (A$870 million), including transaction costs. Minova specialises in chemical products for strata support, ground consolidation and ventilation systems in underground mining and civil works. What's the rationale behind the acquisition?

CEO & MD Graeme Liebelt
We have a very strong position in the mining services sector via our explosives business, and this acquisition is an opportunity to build on that position in an adjacent niche. We're very positive about the growth prospects of the resources sector from a volume point of view, and Minova is exposed to that growth, particularly in the underground segment.

Minova also has a strong position in emerging markets, where we see strong growth going forward. It's got a significant presence in Russia, it's recently established businesses in Kazakhstan and China, and with the benefit of Orica's infrastructure, we think it has opportunities for growth in Latin America as well.

Finally, Minova has strong financials, it has good conversion of earnings into cash and meets our strategic and financial criteria for growth. Our criteria are that we look for market leadership and that we grow close to the core of our business. We also require an internal rate of return (IRR) in excess of 15 percent and a return on net assets (RONA) in excess of 18 percent in the third full year post integration.

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What assumptions underlie your expectation that the Minova acquisition will achieve the target RONA of 18 percent in the third year post integration?

CEO & MD Graeme Liebelt
In our modelling we've assumed revenue growth of about 8 percent per annum and earnings growth of about 11 percent through to 2011. That excludes synergies. In addition, we expect about A$13 million of synergies to be available by way of cost savings in areas such as insurance, information technology and procurement.

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You've indicated Minova will be held separately for two years before integration into Orica. What's the reason for this approach given it will delay the realisation of synergies and any merger with the Orica culture?

CEO & MD Graeme Liebelt
The reason is that we're in the process of integrating the Dyno Nobel acquisition where the realisation of the expected A$90 million of synergies is critical to the success of that transaction. We've taken the view that rather than force the pace of integration in the case of Minova, where synergies aren't the key driving force for the financial return in any case, it was more prudent to run the business on a stand-alone basis for two years or so and then work hard on integration at that point.

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Previously, your stated acquisition hurdle was 18 percent RONA within three years of acquisition. Given the integration of Minova won't occur immediately, does this mean you're not expecting to reach the RONA target within that time frame?

CEO & MD Graeme Liebelt
We remain committed to our 18 percent RONA and 15 percent IRR hurdles for financial proposals. The acquisition of Minova exceeds the 15 percent IRR, but because we've chosen to delay integration, the 18 percent RONA won't be forthcoming until three years after the integration, which is in 2011.

In the case of Minova, there are also some taxation benefits that aren't reflected in the RONA calculation because that's a pre-tax calculation, but are reflected in the IRR. Minova is a quality business with quality management and we see further opportunities for growth through bolt-on acquisitions, which aren't included in our basic modelling.

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You're buying Minova at 8.9 times forecast EBITDA for the year ending December 2006. This compares with an acquisition multiple for Dyno Nobel of 5.3 times, including estimated year-three cost savings. Can you comment?

CEO & MD Graeme Liebelt
The Dyno transaction was at a higher multiple in terms of the EBITDA the business was generating at the time we bought it, that is without taking into account any synergy benefits. The synergies achievable from the Minova deal

are less than for Dyno, so the two transactions aren't directly comparable. This transaction extends our opportunity for further growth and we believe the acquisition price is a fair one that allows us to achieve our financial returns.

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Orica's Mining Services business booked EBITDA of A$411 million in the year ended September 2005, with an EBITDA margin of 20.7 percent. This compares with Minova's expected EBITDA margin of 23.3 percent in the December 2006 year. How would you characterise the competitive environment in Minova's product area and are its margins sustainable?

CEO & MD Graeme Liebelt
We believe its margins are sustainable. Part of our due diligence was to examine the extent to which the business was able to maintain and grow its margins in the face of raw material cost changes and so on, and it has a strong demonstrated track record.

Minova is the market leader in the markets in which it operates and it's the only company in this niche with global scope. That reflects a strong value proposition around productivity, around safety and around customer relationships, so we're confident the business model is sustainable.

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Including the forecast for the current year ending December, Minova is expected to have booked compound annual sales growth of 18 percent in the four years from 2003. To what extent has growth been enhanced by acquisitions and what level of organic growth do you expect within the Minova business going forward?

CEO & MD Graeme Liebelt
Minova has made some acquisitions in the recent past, the most notable of which were the purchase of Sandvik's US mining chemicals business in 2003 and the buy-out of the minorities in Minova's German business in 2004. The bulk of recent growth however has been organic. Our forecasts are based on organic growth and don't factor in acquisitions. However, we expect there may be further acquisitions in the business and we're encouraging Sandy Arbuthnot and his team to bring those forward for consideration.

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How do Minova's client contracts compare with Orica Mining Services' contracts?

CEO & MD Graeme Liebelt
The contracting practice in Minova's niche is different from that in the explosives market, and most of Minova's customers aren't on long-term contracts. However, the business has an enviable record of customer retention, driven by the value proposition, the high level of service and the relationships fostered by operating very much with the customer on-site. Minova's global spread gives it critical mass and the ability to use its experience from around the world to solve problems. It continues to innovate and it's got a strong brand name and reputation so we think it has a very defendable position.

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In 2005 Minova generated 53 percent of its sales in Europe and 21 percent in the US. To what extent are these markets mature ones for Minova and what are the key geographic growth opportunities for the business?

CEO & MD Graeme Liebelt
There's no doubt some of the markets in Europe and US are relatively mature and Minova has strong market shares there. However, there's still a range of opportunities available to the business, with great room for further penetration in the Russian market, and new markets in Kazakhstan and China, where mine safety and efficiency are growing concerns. These are strong growth markets and we believe there'll be opportunities in Latin America, building on the infrastructure we've established there, even though Latin America isn't as large an underground mining market as some of these other regions.

I'd add that the civil engineering side of the business, the non-mining side, still offers significant further opportunities across the globe for Minova.

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To what extent will Minova's product portfolio help Orica increase its value added product and service offer into the mining industry?

CEO & MD Graeme Liebelt
Our Mining Services business goes to some underground mining clients in the same way as Minova, and in those cases we'll have a stronger value proposition than we've had in the past. However, Minova is a strong business in its own right and we see strong returns coming from the business on a stand-alone basis.

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Orica will fund the Minova acquisition through existing cash and debt facilities and you've indicated that following the Minova transaction, Orica's net debt to net debt plus equity would remain below your target range of 35 to 45 percent. Do you continue to have capacity to complete the A$250 million share buy-back announced in July?

CEO & MD Graeme Liebelt
We've completed buying back about A$135 million of shares and we certainly have the capacity to continue the buy-back. As always, the commitment of those funds to capital management needs to be weighed up against other opportunities in front of us not only in the Mining Services platform, but also in our other business platforms.

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The Minova acquisition will extend the Mining Services business's dominance of Orica's earnings. Do you see any danger of the now relatively smaller Chemicals Services, Chemnet and Consumer Products businesses suffering in the competition for group resources?

CEO & MD Graeme Liebelt
No. We don't have a fixed view about whether Mining Services, Consumer Products, or any other business ought to be a particular percentage of the company's total earnings. We continue to see growth opportunities in each of

our business platforms. Chemnet is in the process of restructuring and needs to stabilise its base business before we'd invest further funds there, but each of the other businesses, and indeed Chemnet itself, sees further opportunities to grow. In that sense there's a healthy competition between the business platforms for funds for growth and that can only be healthy for our shareholders.

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Thank you Graeme.

For more information about Orica, visit www.orica.com or call Investor Relations Manager Greg Slade on (+61 3) 9665 7844

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