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Forward looking statements

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Non-IFRS information

This presentation makes reference to certain non-IFRS financial information. Management use this information to measure the operating performance of the business and has been presented as this may be useful for investors. This information has not been reviewed by the Group’s auditor.
About Orica
Global Leader in Mining Services

1. World’s largest provider of commercial explosives to mining and infrastructure markets with 28% global market share

2. Global leader in the provision of ground support in mining and tunneling

3. Leading global supplier of cyanide for use in gold extraction

4. Australia and New Zealand’s largest supplier of chemical products to mining, water treatment and other industrial markets

5. ASX listed with market capitalization of approximately A$8.5B (ASX Top 50)
Australian Base - Global Footprint

~15,000 Employees
Operations in 50 countries
Customers in over 100 countries
2012 Orica Group Revenue

- 90% of Group EBIT and over 80% of Group Revenue is generated from mining related industries including quarrying and construction
- Broad mining exposure – from coal and iron ore to base and precious metals and diamonds
- Wide geographic spread
- Commodity and geographic diversity reduces earnings volatility
Orica in Queensland

- Key manufacturing facilities supporting Queensland as well as national and international markets
  - Ammonium nitrate and emulsion manufacture (Yarwun)
  - Sodium cyanide manufacture (Yarwun)
  - Initiating systems manufacture (Helidon)
- 930 employees across Queensland
- Diverse customer portfolio with operations support teams servicing open cut and underground mining, quarrying and infrastructure projects
Industry Fundamentals
Industry Fundamentals

- Long term growth in commodity volumes, driven by industrialisation and urbanisation
- Declining ore grades and increasing strip ratios and ore-body complexity
- Efficiency and productivity focus drives demand for game-changing technology, products and services
Growth in Global Commodity Demand: 2010 - 2030

- Nickel
- Copper
- Aluminium
- Zinc
- Lead
- Iron ore
- Coal

Change in global demand, 2010-2030 (%)

Source: ABARES, Deloitte Access Economics – Commissioned by Minerals Council of Australia
Industry Fundamentals

Growth in Australia (1982 – 2011)

- Ammonium Nitrate Demand: CAGR 9.0%
- Iron Ore & Minerals Prod.: CAGR 5.8%
- Coal Production: CAGR 4.4%

Sources: Orica, ABARES
Industry Fundamentals

Gold Production and Ore Grades

Cyanide Demand

1. Thomson Reuters GFMS Mine Production Extract Gold Survey – April 2012
The Productivity Challenge
Commodity Prices

RBA Index of Commodity Prices
(Nominal Prices)

2011/12 Average = 100

1: Base Metals: Aluminium, Copper, Lead, Zinc, Nickel
2: Other Resources: Metallurgical Coal, Iron Ore, Thermal Coal, Gold, LNG, Crude Oil, Alumina
3: Reserve Bank of Australia, 1 May 2013
Productivity in Decline

Multifactor Productivity Index

Index, 1997 = 100

Challenges to Productivity

1: Average coal strip ratio from 2022 declines temporarily due to large forecast volumes of export thermal coal produced for the first time in the Surat and Galilee basins at marginally lower strip ratios.

2: Based on Fortescue Metals Group strip ratios for the Chichester Hub operations (including the Cloudbreak and Christmas Creek mines). Estimated ratios sourced from GS Research.

Source: The Sustainability of Mining in Australia (G. Mudd, 2009), Wood Mackenzie, BHP Billiton
Aiding Productivity Through Technology
The energy used (% of total site consumption) in completing the following functions on a typical mine:

- drilling / blasting ~ 2%
- excavation / hauling ~ 10%
- grinding / crushing ~ 53%

Optimising the use of explosives not only saves total energy consumed on a mine site but improves dig rates leading to decreased excavation times while increasing the throughput of the grinding and crushing equipment; this all leads to:

**GREATER PRODUCTIVITY**

*(the following tested examples of value in use reinforce the point)*
4x increase in powder factor results in
- 40% increase in mill throughput
- 33% reduction in mill energy

4x increase in powder factor results in
- 28% increase in mill throughput
- 23% reduction in mill energy
Mines are facing increasingly frequent challenging geological formations

“Through Seam Blasting” provides a solution to these by:

- Increasing the percentage of resource recovered
- Reducing strip ratio
- Providing the ability to selectively mine multiple seams
- Reducing total mining costs per tonne
- Turning previously non-economic resources into economically feasible prospects
Value in Use

- Client pays for specification of rock size
- Over last 12 months Orica has introduced high energy blasting products and techniques
- In January 2013 review, client acknowledged Orica has added $25m in value over contract period
Value in Use

- Blasting constraints - fume, vibration, overpressure, dust, proximity to public highway

- Patented Stratablast™ technique implemented to help address these constraints

- Results:
  - No fume or other environmental exceedances
  - 112% coal recovery against mine target
  - Washery yield improved from ~74% to 82%
  - Dragline saving of 6 days per 1.3km strike length
Joint project with client to maximise underground advance development and blast cycles per day

Currently achieving:

- Length of each round fired is up 90%
- Rounds fired per day is up by 129%
Overview
**Strategic Imperatives**

- Refine the customer value proposition
- Develop people capability & competence
- Refresh the capital spending program
- Drive common systems and processes
- Focus on performance metrics & targets
- Renew manufacturing reliability & integrity
- Extend the Mining Services offering
- Secure low cost & capital efficient supply
- Build multiple reliable customer supply

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**Services**

- Basic/limited
- Value-adding/extensive

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**Input sourcing**

- Willing to source externally
- Drive to make internally

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**Competitors**

- Orica
- Competitor
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- Competitor
Margin Growth Initiatives

1. Structure
Centralised functions assist line management allowing growth without duplication of support. Projects enhance our breadth/depth.

2. Supply & Logistics
The best way to provide products and services to our customers in a secure and cost effective manner.

3. Manufacturing
Consistency and efficiency of planned production through asset management and process control.

4. Value in Use
Applying products and techniques in ways that add value to our customers while enhancing our services.

It is expected that annual revenue will increase, driven by changing product and services mix, growth in new markets and increasing strip ratios.
Unique Profile and Opportunities

Profile
• Global market leadership
• Strong manufacturing position
• Attractive industry fundamentals
• Multiple growth opportunities
• Ground breaking technology

Opportunities
• Growth in commodity volumes, driven by industrialisation and urbanisation
• Declining ore grades & increasing strip ratios & ore-body complexity
• Efficiency & productivity focus drives demand for game-changing technology, products and services