



**MINING
SERVICES**



Agenda



- **Recent Performance**
- **Strategic Overview**
- **Australia/Asia**
- **Growth Opportunities**



Agenda



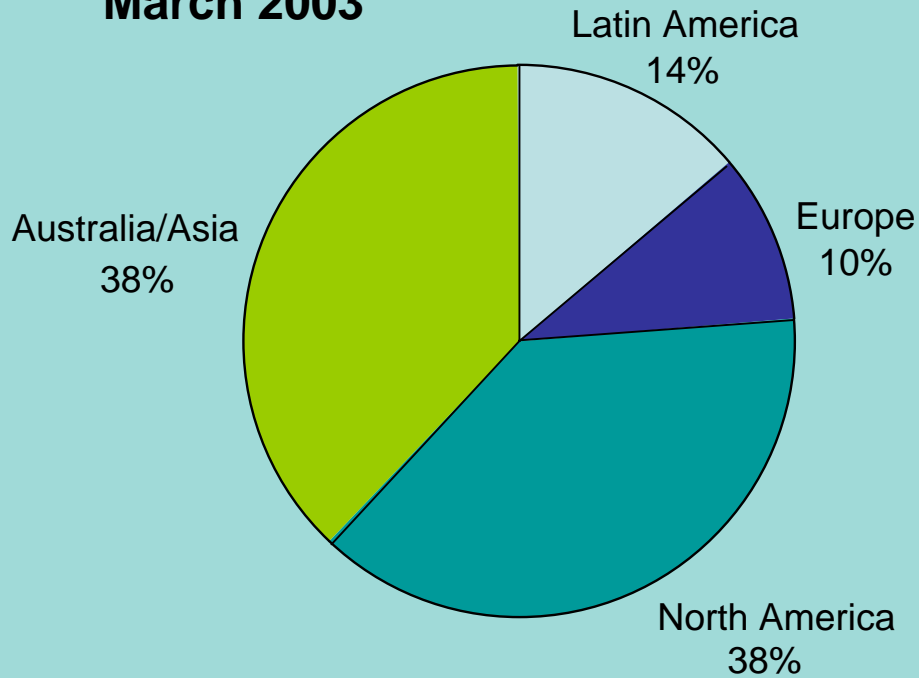
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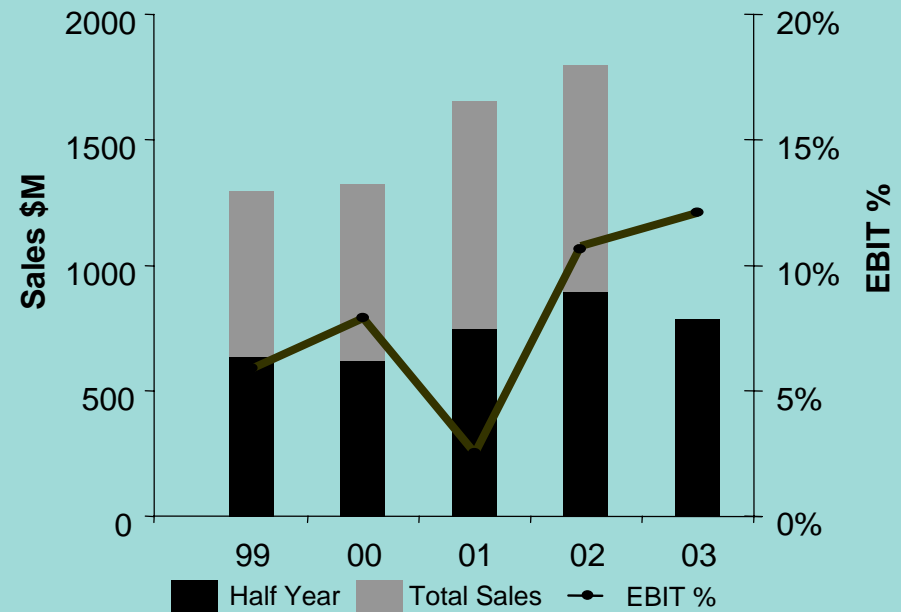
Financial Performance



**Sales by region
March 2003**



Sales and EBIT trend



Financial Performance



What has helped

- Margin management
- Fixed cost performance
- Pockets of excellent performance
- Chinese consumption
- Australian coal market
- Electronics/value add

What hasn't

- US gas prices
- US coal volumes
- Generally slow economic growth
- Continued underperformance in North America
- Political difficulties in Latin America
- Foreign exchange



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Strategic Intent



1. Investing in innovation
2. Establishing low cost supply
3. Continuing to grow
4. Efficient distribution
5. Establishing a global platform
6. Superior safety, dependability, integrity and expertise
7. Driving RONA improvement



Score card

Review of 2001 priority issues



- Improved pricing ✓
- Rise & fall provisions in contracts ✓
- Commercialisation of *i-kon* blasting system ✓
- Better segmentation for new product and service targeting ✓
- Focus on new product & service development and value extraction ✓
- Leverage market position ✓
- Maximise benefits of DNES acquisition ✓
- Continued fixed cost improvement (logistics, restructuring) ✓
- Working Capital and Capex management ✓
- Focus on improving ROCE ✓



Major Trends



- Explosives industry consolidation
- Customer consolidation
- Increased regulation
- Increased penetration of electronics



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- 1. The Australian/Asia Region**
- 2. The financial performance**
- 3. The Orica Explosives business Model (Product + Technology)**



The Australia/Asia Region

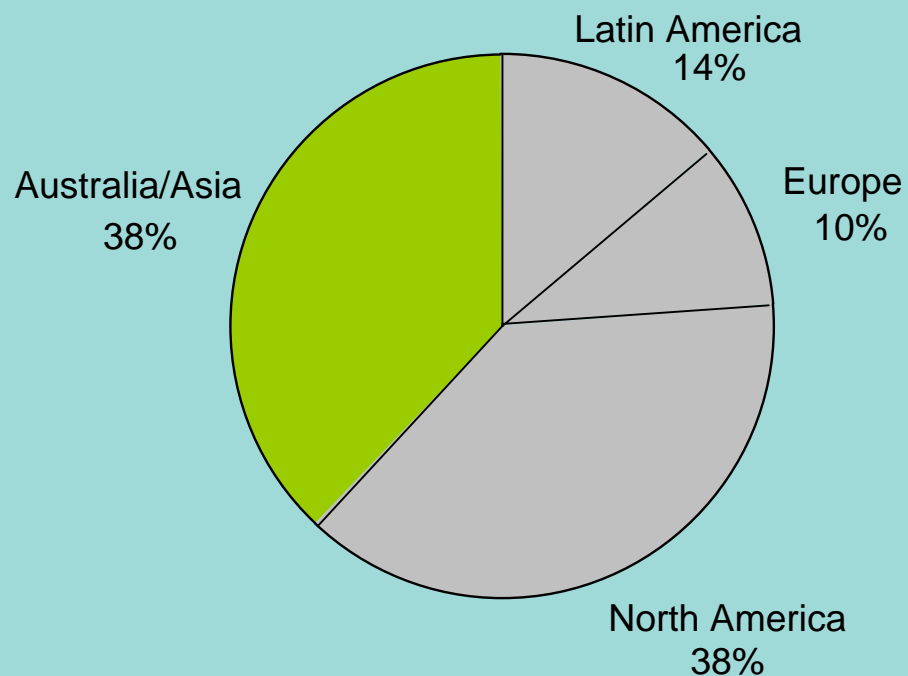




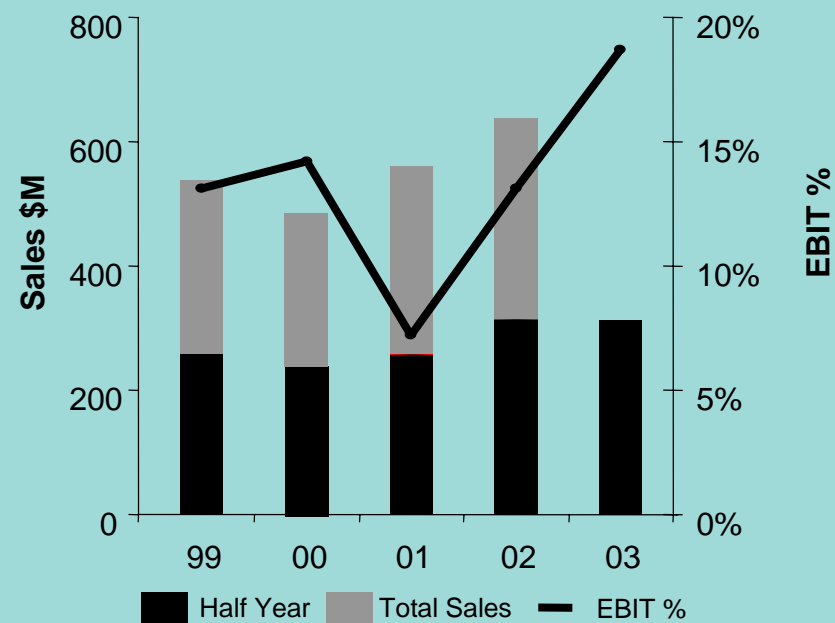
Financial Performance

– Australia/Asia

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The Orica Explosives Customer Offer



Value beyond Blasting

Blast Modelling and optimisation

- Rock on Ground
- Advanced Mining Solutions

Product

Ammonium Nitrate
Initiating Systems
Packaged Explosives

PLUS

Advanced Products

i-kon electronic detonators

- Advanced Underground emulsion
- Hi Power Hi Fragmentation (Surface) emulsion



Example of the Underground Offer



Product

Replace ANFO with Underground Bulk Emulsion

- Water resistant
- Up hole retention (+60m)
- Hi Pumpability

Delivery System

Matched to application

- 4.5 – 7.0 ton payload options
- Automated hose handling (part of a consortium working on completely automatic loading)
- ISIS computer controlled process (Total Blast Control)



Example of the Underground Offer



i-kon Underground

Electronic Detonator System

“Cuts like a knife” – Mine Superintendent quote

- ◆ Improved fragmentation
- ◆ Improved dilution
- ◆ Improved ore handling





Example of Surface Coal Offer

Products

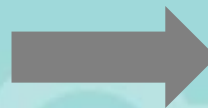
STANDARD RANGE + SPECIALTY PRODUCTS

Service Package

Advanced on Bench Delivery Systems
(tailored to application)

i-kon Electronic Blasting

Increased Cast
Improved Fragmentation
Improved Wall Control
Low vibration
Muck pile Shaping



**Reduced
Mining Cost**



Focus on Service Package

Example of recent mine win from competitor

Previous contractor operated with 3 standard MMU's

Orica Offer:

One standard 18t Pay Load

One New Technology Mega Truck 28t Pay Load



Focus on Service Package

Example of recent mine win from competitor

i-kon

Previous contractor utilised standard pyrotechnics detonators

Orica New Offer:
Standard plus i-kon electronics
(tests now being scheduled)



What does i-kon mean



Lets look at real examples

Coal mine application

- Throw blasting

Hard rock mine

- Fragmentation improvement



Summary – Australia/Asia



- Strong and stable financial performance
- Orica is well placed in the Region to exploit current and future opportunities
- Orica Product and Technology package is leading the market and attracting new customers interested in “value beyond blasting”



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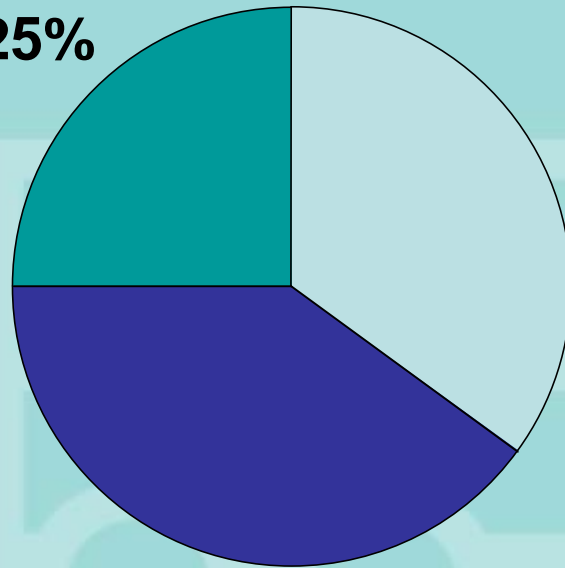
End product Segments



**Quarry and
Construction 25%**

**Metal Mining
35%**

Coal 40%



Metal Mining



- 35% of Orica sales
- Consumption is driven by economic activity and country development
- China is an important consumer



Quarry and Construction



- 25% of Orica sales
- Consumption is driven by general economic activity
- Reconstruction of Eastern Europe and Asian development are important



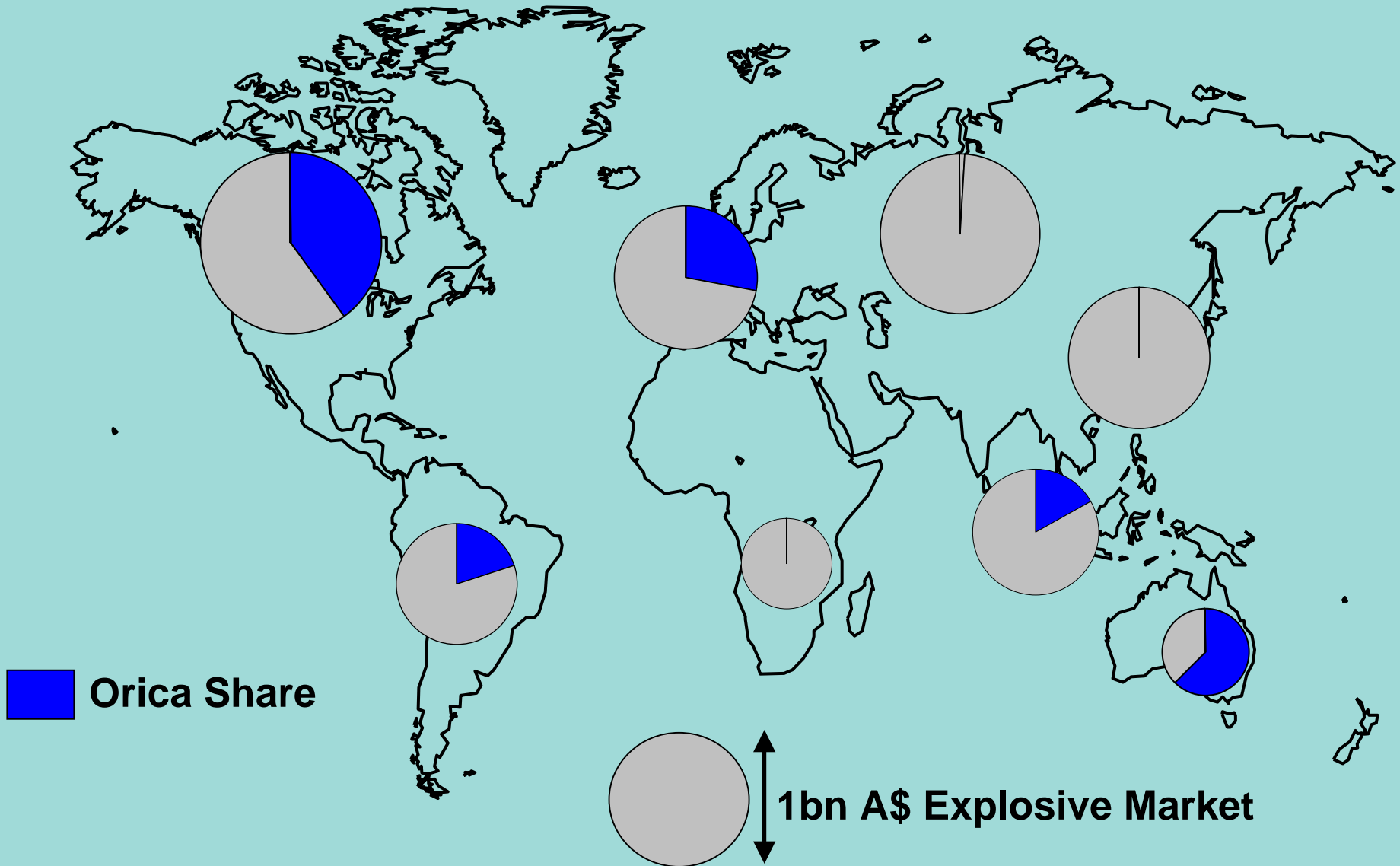
Coal



- 40% of Orica sales
- Consumption is driven by power generation
- Only large scale surface mines and underground mines in less developed countries use explosives
- Environmental issues important



Growth in new regions



Growth; what we have done



- **Integration of Dynamit-Nobel**
- **Upgrade Yarwun**
- **Acquire Kooragang Island assets**
- **Upgrade KI assets**
- **100% IES**
- **Chilean IS plant**
- **Progress in the FSU**



Growth Summary



- Modest Organic growth
- Synergistic additions in individual regions
- Significant opportunities
 - Eastern Europe
 - Asia
 - Africa



Near term priorities



- Improve North American performance
 - continued margin enhancement
 - improved efficiency in distribution
- Rationalisation of initiating systems globally
 - est. significant item \$15M-\$20M in 2003
- Growth in new geographies
- New products and services
 - customer productivity
 - electronic blasting systems



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SERVICES**

