



**In Principle Agreement to Purchase  
Electronic Detonator Technology from  
Sasol Mining Initiators Technology  
("SMI") (a subsidiary of Sasol)**

# Proposed Agreement



- ✍ Orica will purchase all of SMI's electronic technology (intellectual property) for ~A\$17M payable over three years
- ✍ SMI's highly skilled key technical staff will transfer to Orica
- ✍ Sasol will manufacture detonators on Orica's behalf for distribution into Africa and other regions
- ✍ Orica and Sasol will enter into a distribution co-operation agreement for the South African market

# Why does the agreement makes sense?



- ✍ SMI's intellectual property (including an extensive patent portfolio) and resulting product supply are highly credible in the marketplace
- ✍ Access to the intellectual property enhances Orica's current electronic blasting systems portfolio and provides a platform for continuous development of new generation technologies
- ✍ Allows Orica to offer the most advanced range of electronic blasting systems underpinning and enhancing our capability to deliver creative customer solutions

# Why expand into Africa?



- ✍ Africa is the world sixth largest mining area and is dominated by South Africa
- ✍ Orica currently does not have a presence in this important region, however:
  - Global mining houses want access to a complete range of world class blasting technology solutions in each of the regions they operate
- ✍ This agreement provides Orica with a low risk opportunity of entering the African markets with electronic blasting systems and Advanced Mining Solutions

# Why the agreement makes sense for Orica



- ✍ Agreement satisfies our strategic principles
  - Market leadership
  - growing only value adding business
  - related growth - building on our best businesses
  
- ✍ Satisfies our investment criteria



## Some Background

- ✍ Established by Sasol in 1996
  
- ✍ Manufactures and supplies the UNI Tronic™ electronic initiation system for the mining and construction industries in a number of countries
  
- ✍ Two manufacturing plants located in
  - Capetown
  - Ekandustria (Pretoria)