



STRATEGY DELIVERS

BUSINESS OVERVIEW 2011



WHO WE ARE

GLOBAL LEADER IN MINING SERVICES



Headquartered in Melbourne, Australia, Orica is a global, publicly listed company (ORI), with over 14,000 employees worldwide, based in offices in over 50 countries, providing products and services to customers in over 100 countries.

Consisting of three business units, Orica has evolved to become one of the world's leading mining services companies. Its core strategy is to be the global leader in the provision of high service, critical consumables to the mining, construction and infrastructure markets, leveraged to long-term increases in production and development volumes.

Orica Mining Services

World's largest supplier of commercial explosives, blasting systems and blast-based services to the mining, quarrying and infrastructure sectors.

Minova

A leading manufacturer and supplier of strata support systems, ventilation, water control and geotechnical solutions to underground mining, tunnelling and civil construction markets.

Orica Chemicals

A leading global supplier of sodium cyanide for use in gold extraction, and Australia and New Zealand's largest supplier of chemical products to mining, water treatment and industrial markets.

HIGHLIGHTS

NPAT



\$642m

UP 4 PERCENT ON 2010*

EBIT



\$1.0b

UP 2 PERCENT ON 2010*

EPS



173.5c

UP 2 PERCENT ON 2010*

DIVIDEND

53cps

FINAL ORDINARY DIVIDEND

* From continuing operations before individually material items

MD's MESSAGE

In July 2010, Orica took a critical step to increase its focus on the mining and infrastructure sectors, with the demerger of DuluxGroup.

Following the demerger, the business is approximately 90 percent oriented to the provision of high service, critical consumables to the mining and infrastructure sectors. The success of this strategy has been demonstrated by the delivery of Orica's tenth year of record underlying profit growth.

We are now starting to see some of the significant investments in growing manufacturing capacity come to fruition. In 2011, we saw the completion of the uprate to increase the sodium cyanide capacity at Yarwun and the completion of the Kooragang Island ammonia plant uprate, the commissioning of which is expected in the first half of 2012.

An ammonium nitrate plant in Bontang, Indonesia is now being commissioned and will reach full production in 2013. This project has been a highlight for Orica, having achieved an outstanding safety record during its construction and serving as an example of the benefits of utilising local suppliers and employing local people.

Investments include a further uprate of Kooragang Island, with planning underway for expansion of the ammonium nitrate plant to take total capacity to 750ktpa. In Nanling, China, although it is behind schedule, work on the fully integrated detonator facility continues, with commissioning expected late in the 2012 calendar year.

Also in the pipeline are the Company's first bulk ammonium nitrate emulsion plant in the Pilbara region at Port Hedland, Australia, and an ammonium nitrate plant in Peru.

Our challenge is to take advantage of the many opportunities the mining and infrastructure industries offer, while retaining the strength of the balance sheet. We have taken a conservative and measured approach and will continue to do so. This includes making difficult choices, maintaining financial discipline in assessing capital projects, and raising capital when required.

A key to taking advantage of the many opportunities for growth is to leverage the diversity of talent in Orica. As the Company becomes more international, we continue to make progress on diversity within the management ranks and at Board level. We have set ourselves an aspirational target of more than 20 percent of women in senior management

Orica continues to address legacy issues at its sites. The largest legacy site is in Botany, Australia. It was disappointing to have the shipments of Hexachlorobenzene (HCB) to Denmark for destruction cancelled by the Danish Government in December 2010. The HCB is continuing to be stored in a safe manner under licensed conditions while we explore alternative options for safe destruction.

Also at the Botany site, a mercury remediation project has been halted due to unsatisfactory results from the pilot soil washing program. In conjunction with the regulatory authorities we are assessing alternative approaches to managing the contamination, and in the meantime, the area continues to be enclosed within a sealed shed to contain any vapours.



Following the demerger, the business is approximately 90 percent oriented to the provision of high service, critical consumables to the mining and infrastructure sectors. The success of this strategy has been demonstrated by the delivery of Orica's tenth year of record profit growth.



At Orica, we aspire to no injuries to anyone, ever, and to cause no harm to people and the environment. In 2011, the Company achieved its best ever safety outcome with its All Worker Recordable Case Rate at a world-class 0.47 injuries per 200,000 hours worked. In sustainability, as part of the Challenge 2010 program we reduced greenhouse gas emissions per tonne of production from 1.31 tonnes of CO₂ equivalent in 2004 to 0.64 in 2010 – an improvement of over 50 percent – as well as improving energy efficiency by 17 percent compared to the 2004 baseline. In the same period, water usage per tonne of production was reduced by 35 percent. In 2011, we achieved a further 15 percent reduction in our greenhouse gas emissions per tonne of production and a 20 percent reduction in water consumption per tonne of production.

As governments around the world move to put in place measures to impact on climate change, such as Australia's Clean Energy Future legislation, Orica is working to adapt to the additional requirements these regulations will bring. Opportunities to improve the environmental performance of existing manufacturing facilities are being examined, while world-class plant design and operating standards are applied to new facilities. We regret the incident at Kooragang Island, Australia in August which occurred in the restart of the ammonia plant and we are determined to minimise the chances of such incidents occurring at any of our plants in the future.

Orica's core purpose is to provide 'Clever solutions to help our customers harness natural resources to improve people's lives'. Central to this are the Company's technology programs.

In OMS, the technology program has been developing novel blasting techniques, utilising advancements in the range of bulk explosives and Electronic Blasting Systems, to deliver greater productivity, safety and environmental outcomes to our customers. Orica has made significant investment in research and development, both in our own facilities and via collaborative research and development arrangements with over a dozen universities and research bodies internationally, including a five-year, \$25 million partnership with the Australian Commonwealth Science and Industry Research Organisation.

The dedication and commitment of Orica's employees are at the core of the Company's continued success. While global economic conditions remain uncertain, the general outlook for our businesses remains positive and we believe that Orica is well positioned to continue to deliver strong returns to shareholders.



Graeme Liebelt
Managing Director

Gender diversity – Molly Zhang



Enhancing diversity is a central part of Orica's strategy to become a truly global company. Gender diversity and improving the representation of women in senior management roles is an essential part of diversity. Our approach is to not only identify and develop women into appropriate senior management roles from within the Company, but also to look for opportunities to hire women externally into senior leadership roles.

Molly has recently joined Orica in the role of OMS General Manager, Manufacturing and Supply Chain. She has brought with her many years of global experience in Europe, Asia and the US in a range of roles including; process engineer, production manager, plant manager, global technology director, manufacturing director, global business vice president, managing director and board member in various joint ventures and non profit organisations. She has a Masters degree in Chemistry and a PhD in Chemical Engineering.

Molly says, "Diversity can bring different views and ideas together to make sure that we develop the best solution. It also represents the best mix of our customer/employee base and external stakeholders. It will help us to get the best talent from the available talent pool.

"The diversity program at Orica is very impressive and timely, as the Company tries to be more global. There is strong leadership commitment to the program. It is not about the gender or numbers, it is about being inclusive and getting the best talent for the job."



FINANCIAL PERFORMANCE

Message from the Executive Director Finance

In 2011, your Company has delivered its tenth consecutive year of growth in underlying profit. This impressive record has been delivered in a year which presented a number of difficult operating conditions.

As has been the case in previous years, 2011 again demonstrated the importance of financial discipline combined with continued focus on the financial fundamentals of productivity, cost and cash management, and cash conversion.

RESULTS OVERVIEW

Net profit after tax from continuing operations, before individually material items, was \$642 million, up 4 percent compared with the previous corresponding period (pcp) of \$619 million. Earnings before interest and tax from continuing operations, was up 2 percent, due to improved volumes across some markets and some improvements in pricing and productivity offsetting an adverse impact from foreign exchange of \$60 million.

Earnings per share improved by 2 percent to 173.5 cents per share and return on shareholder's funds was 17.7 percent.

BALANCE SHEET

The balance sheet remains in good shape with gearing of 26.6 percent compared to 22.4 percent at September 2010, reflecting the continued investment in growth capital projects.

Trade working capital remained in line with the prior year, and the rolling trade working capital to sales was 13.2 percent. In July 2011, the Company successfully refinanced \$2.1 billion of existing bilateral bank facilities and at 30 September 2011, bank facilities totalled \$2.3 billion, of which \$2 billion was undrawn.

Interest cover was a healthy 6.4 times.

CASH FLOW

Net operating cash flows were \$758 million and cash conversion, a measure of how efficiently we convert profit into cash, was 81 percent.

Significant expenditure continued on a number of important strategic projects, which resulted in a 29 percent increase in spending on growth capital. These projects include expansion of our sodium cyanide plant at Yarwun, and the completion of the Kooragang Island ammonia plant uprate, both in Australia, the continued construction of an ammonium nitrate plant in Bontang, Indonesia and the progression of a fully integrated non-electric detonator facility in Nanling, China.



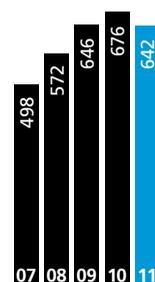
Full year ended 30 September (\$m)	2011	2010*	%
Sales	6,182.3	5,812.1	6%
EBIT	1,028.3	1,009.0	2%
Net profit after tax pre individually material items	642.3	618.8	4%
Net profit after tax after individually material items	642.3	467.9	37%
Operating cashflow	758.2	742.6	2%
Earnings per share (cents) ¹	173.5	169.5	2%
Dividends per share (cents)	90.0	88.0	2%

1. Pre individually material items

* Excludes contribution of DuluxGroup (demerged 9 July 2010).



Rolling
TWC/Sales (%)



Net Profit
After Tax (\$m)
(pre individually
material items)



On 13 October 2011, the Company notified holders of the Orica Step-Up Preference Securities (SPS) that it would repurchase the SPS with effect from 29 November 2011. Existing bilateral bank facilities will be used to fund the repurchase.

DIVIDENDS

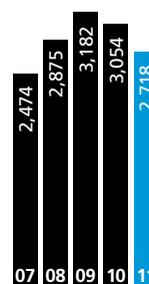
The directors have declared a final dividend of 53 cents per share, which will be franked at 100 percent. This brings the full year dividend to 90 cents per share, which is 2 cents higher than the prior year, after adjusting for the effect of the demerger of DuluxGroup.

Noel Meehan

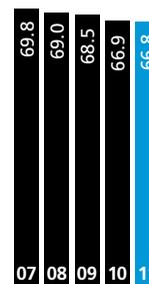
Executive Director, Finance

Note: Charts are not adjusted to reflect the impact of the demerger of DuluxGroup on 9 July 2010.

Earnings per share improved by 2 percent to 173.5 cents per share and return on shareholder's funds was 17.7 percent.



Gross Margin (\$m)



Productivity (%)

Productivity is measured as total fixed costs (including depreciation and amortisation) as a percentage of gross margin.

STRATEGY AND GROWTH

Orica's core strategy is to be the global leader in the provision of high service, critical consumables to the mining, construction and infrastructure markets, leveraged to long-term increases in production and development volumes.

POSITIONED FOR GROWTH

In July 2010, Orica demerged DuluxGroup. More than 12 months on from the demerger, our strategy is clear and Orica is firmly focused on the global mining and infrastructure sectors. Approximately 90 percent of Orica's operating earnings come from activities in mining services.

Orica's strategic positioning within the mining sector has allowed the Company to maintain a strong financial position despite continued global economic uncertainty. The mining and processing segments of the commodities value chain on which Orica focuses are largely influenced by production volumes, which tend to demonstrate low volatility, even at times of economic slow-down.

Our businesses are, therefore, well positioned to weather variable market conditions, an outcome demonstrated by our solid financial performance and ability to deliver a decade of underlying profit growth.

ORICA'S GROWTH POTENTIAL

Orica's focus on the mining and infrastructure markets is driven by the opportunities these markets offer to deliver long-term growth. Growth will come from:

- Focusing on emerging markets in the Commonwealth of Independent States (CIS), Africa, Asia and Latin America.
- Commitment to the development of long-term partnerships with customers and organic volume growth.
- Continuing to respond to our customers' need for safety-focused products and higher quality products and services, for which Orica is renowned.
- Utilising Orica's technology innovations to continue to respond to customer needs for increased productivity.
- Acquisitions by existing businesses which strengthen the market position of the businesses and offer opportunities for synergies.



Criteria for success

Orica focuses on four criteria which guide our success and growth:

1. Market leadership

We aim to be the market leader in each of our chosen global and regional businesses.

2. Invest in 'winners'

We focus on investment in our best performing businesses, that have met financial performance targets and have earned the right to grow.

3. Grow 'close to the core'

We pursue opportunities in related businesses where we can leverage our knowledge and expertise and achieve synergies.

4. Productivity improvement

We have a relentless focus on improving productivity in all of our businesses.



ORICA'S BUSINESSES

Each of Orica's business divisions have been actively seeking growth opportunities. The Company's strong balance sheet provides the businesses with opportunities, with manufacturing and geographic expansions the key to growth. Technical and service innovation helps Orica maintain its market leadership.

ORICA MINING SERVICES (OMS)

The world's largest supplier of commercial explosives, blasting systems and blast-based services, delivering advanced blasting solutions tailored to specific customer needs and challenges. OMS has specific focus on growth markets – CIS, Mongolia, Africa, Asia and Latin America – and also opportunities in the more mature mining markets such as Australia, Canada and North America. Recent acquisitions in Belgium and Portugal have added strength to the OMS network. OMS continues to invest in research and development to deliver innovative technology to the mining sector.

MINOVA

A world-leading manufacturer and supplier to the underground mining, tunnelling and civil construction markets, Minova has a strong focus on technical expertise and innovative customer solutions. Minova has opened new plants in the emerging markets of China and Russia as well as launching new products enhancing customer productivity. Minova's focus on global tunnelling capability has leveraged its strong European position in growing civil markets.

ORICA CHEMICALS

Orica Chemicals is the largest supplier of chemical products in Australia and New Zealand to a broad range of industry sectors. A leading global supplier of sodium cyanide for use in gold extraction, increased capacity at the Yarwun plant in Australia has consolidated this position. Orica Chemicals has six business units – Mining Chemicals, Chemicals Australia, Chemicals New Zealand, Chemicals Latin America, Bronson & Jacobs and Watercare.



Project Caymus

As global markets present new opportunities and increased competition, it is important that Orica continue improving the way it does business.

Orica requires world-class business processes with the support of systems that allow performance as one global business, rather than a group of regional businesses around the world. Project Caymus is an ambitious but essential project to achieve this.

Caymus is a multi-track project seeking to unite our business systems and operations by best practice business processes supported through a common enterprise system (SAP). It involves both information technology and business deliverables.

Project Caymus will provide Orica with a solid foundation for sustainable growth, improve productivity and assist global competitiveness.



MANUFACTURING PLANTS



“Orica is a publicly listed company operating in over 50 countries with customers in more than 100.”

● ORICA MINING

Ammonium Nitrate

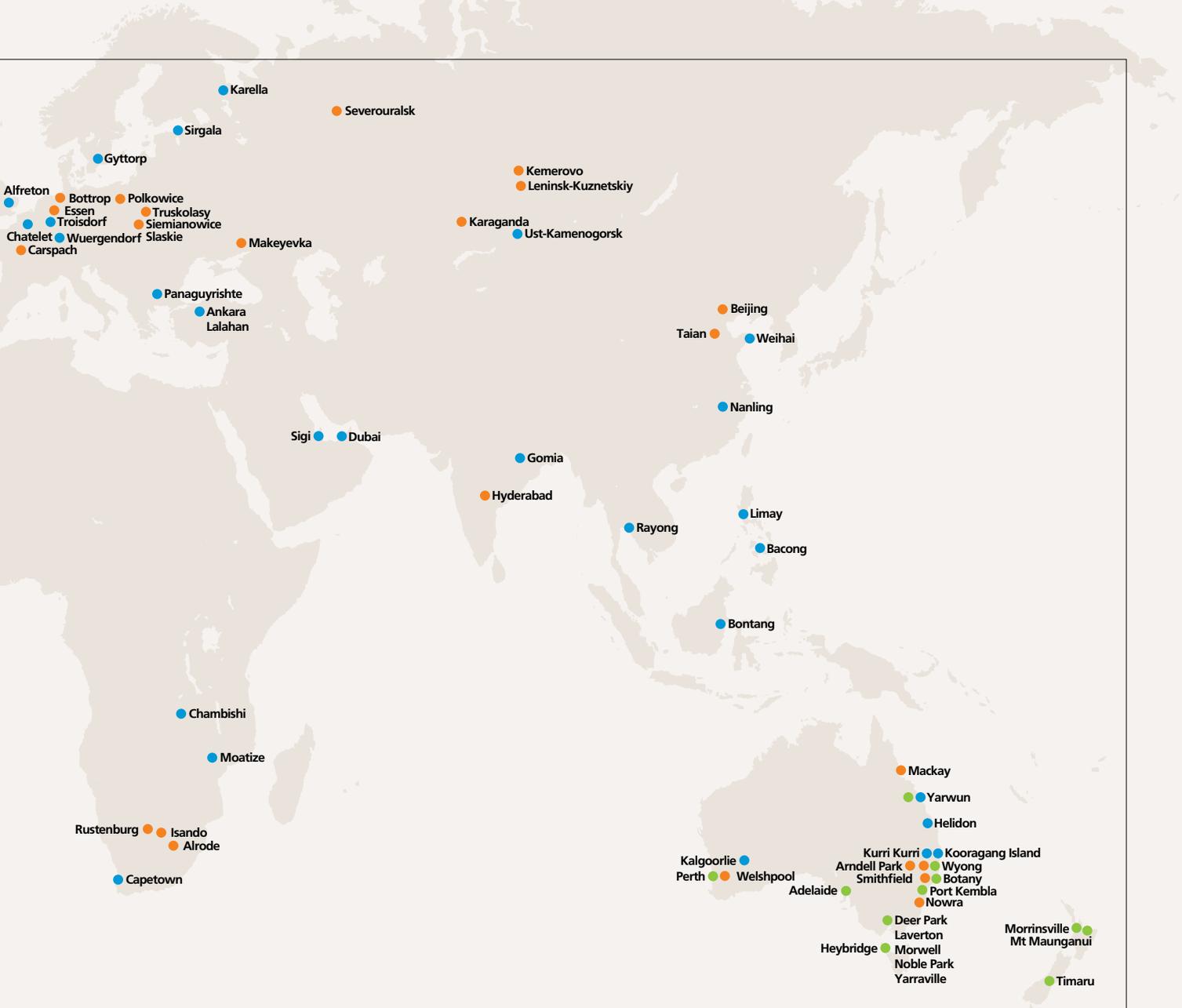
- Baong (Philippines) 40ktpa
- Bontang (Indonesia) 300ktpa
- Carseland (Canada) 500ktpa
- Geneva (USA)
 - 50% joint venture, Orica share = 50ktpa
- Kooragang Island (Australia) 430ktpa
- Rayong (Thailand)
 - 50% joint venture, Orica share = 45ktpa
- Yarwun (Australia) 570ktpa

Initiating Systems

- Ankara (Turkey)
- Antofagasta (Chile)
- Bogota (Colombia)
- Brownsburg (Canada)
- Capetown (South Africa)
- Chambishi (Zambia)
- Cuatrocieneegas (Mexico)
- Dubai (UAE)
- Gomia (India)
- Gyttorp (Sweden)
- Helidon (Australia)
- Karella (Russia)
- La Portada (Chile)
- Limay (Philippines)
- Lorena (Brazil)
- Minden (USA)
- Nanling (China)
- Panaguyrishte (Bulgaria)
- Santa Clara (Cuba)
- Tappen (Canada)
- Troisdorf (Germany)
- Ust-Kamenogorsk (Kazakhstan)
- Weihai (China)

Packaged Explosives

- Alfreton (UK)
- Aljustrel (Portugal)
- Charlestown (USA)
- Chatelet (Belgium)
- Cuatrocieneegas (Mexico)
- Gomia (India)
- Hallowell (USA)
- Itatiaiuçu (Brazil)
- Kalgoorlie (Australia)
- Lalahan (Turkey)
- Lampa (Chile)
- Limay (Philippines)
- Manicaragua (Cuba)
- Moatize (Mozambique)
- Morón (Venezuela)
- Sigi (UAE)
- Sirgala (Estonia)
- Ust-Kamenogorsk (Kazakhstan)
- Weihai (China)
- Wuergendorf (Germany)



● **MINOVA**

Resin

- Beijing (China)
- Essen (Germany)
- Isando (South Africa)
- Mackay (Australia)
- Nowra (Australia)
- Polkowice (Poland)
- Santiago (Chile)
- Siemianowice Slaskie (Poland)
- Wyong (Australia)

Cement Products

- Alrode (South Africa)
- Beijing (China)
- Kemerovo (Russia)
- Leninsk Kuznetskiy (Russia)
- Makeyevka (Ukraine)
- Nowra (Australia)
- Siemianowice Slaskie (Poland)

Resin Capsules

- Bluefield (USA)
- Essen (Germany)
- Georgetown (USA)
- Grand Junction (USA)
- Hyderabad (India)
- Isando (South Africa)
- Karaganda (Kazakhstan)
- Kemerovo (Russia)
- Leninsk Kuznetskiy (Russia)
- Makeyevka (Ukraine)
- Polkowice (Poland)
- Severouralsk (Russia)
- Siemianowice Slaskie (Poland)

Bolts

- Arndell Park (Australia)
- Barnsley (UK)
- Bottrop (Germany)

- Bowerston (USA)
- Carspach (France)
- Chesterfield (UK)
- Clearfield (USA)
- Grundy (USA)
- Isando (South Africa)
- Karaganda (Kazakhstan)
- Leninsk Kuznetskiy (Russia)
- Makeyevka (Ukraine)
- Marion (USA)
- Proctorville (USA)
- Rustenburg (South Africa)
- Santiago (Chile)
- Severouralsk (Russia)
- Smithfield (Australia)
- Stoney Creek (USA)
- Taian (China)
- Truskolasy (Poland)
- Welshpool (Australia)

● **ORICA CHEMICALS**

Major Chemical Plants

- Adelaide (Australia)
- Botany (Australia)
- Deer Park (Australia)
- Heybridge (Australia)
- Laverton (Australia)
- Morrinsville (New Zealand)
- Morwell (Australia)
- Noble Park (Australia)
- Perth (Australia)
- Port Kembla (Australia)
- Wyong (Australia)
- Yarwun (Australia)

Blending & Repacking

- Antofagasta (Chile)
- Mt Maunganui (New Zealand)
- Santiago (Chile)
- Timaru (New Zealand)
- Yarraville (Australia)

BUILDING THE BUSINESS

Orica's solid financial performance and balance sheet strength has enabled the Company to focus on long-term growth opportunities. Some of Orica's investments are now coming online, increasing the Company's manufacturing capacity and offerings in services and technology.



Bontang, Indonesia

The development and construction of Bontang has been an exemplary project. Orica has employed as many local people as possible throughout its construction, commissioning and operations. Construction was contracted to a local company – Rekayasa – who have delivered a world-class outcome.

The project has an impeccable safety record, having only one recordable lost time incident in over 10 million man hours of construction. At the height of construction, there were over 2,000 people on site.

The development of Bontang has brought together expertise from across the Company, with the development of a truly

global team. In addition, it has provided an excellent opportunity for Orica graduates, who have joined the commissioning team, giving them global exposure and international experience.

The plant has been built to utilise world-class technology, operating to the highest possible environmental standards. It will be run predominantly by Indonesian employees, the majority of whom have received their extensive training at Orica's Yarwun facility.

With most of its tonnage already contracted, Bontang represents a secure supply of ammonium nitrate for the Indonesian mining market.

MANUFACTURING

COMPLETED

- Ammonia uprate of 65ktpa at Kooragang Island, Australia to take capacity to 360ktpa.
- Uprate of sodium cyanide plant in Yarwun, Australia increasing capacity to 95ktpa, making it one of the largest sodium cyanide facilities in the world.
- Commissioning of emulsifier raw materials plant at Deer Park, Australia.
- Opening of new resin capsule production facility in Severouralsk, Russia.

UNDER DEVELOPMENT

- Ammonium nitrate plant in Bontang, Indonesia being commissioned and commencing production in 2012.
- Expansion of ammonium nitrate facility at Kooragang Island, Australia with environmentally friendly, modern design.
- Pre-sanction approval of ammonium nitrate facility in Peru.
- Ammonium nitrate emulsion plant at Kurri Kurri, Australia.
- Ammonium nitrate emulsion capacity in Port Hedland, Western Australia.
- Fully integrated, non-electric detonator facility in Nanling, China.

TECHNOLOGY

Orica invests more than any other player in the industry in research and development, both in our own facilities and via collaborative research and development arrangements with over a dozen universities and research bodies internationally. Some of our partnerships include:

- Funding two PhD's and four Post Doctorate researchers at the University of Sydney, Australia, working on a chemical engineering initiative.
- Funding two PhD students in a joint collaboration between the Monash University, Australia and the Indian Institute of Technology Bombay, India.
- A five year, \$25 million partnership with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in Australia to work collaboratively on research and development in areas of mutual interest.

Addressing customer needs is a strategic priority of the technology program. In Orica Mining Services, advancements in the range of bulk explosives and Electronic Blasting Systems will deliver new capabilities directly into the hands of customers. The development of novel blasting technology is further enhancing differentiation, with patent-protected techniques complementing a full service product range that can deliver significant value for customers globally.

This commitment to ongoing innovation gives Orica clear market leadership in product development and services. Through the development of market leading technologies, Orica has improved the efficiency, productivity and safety of our customers' operations.



Orica's solid financial performance and balance sheet strength has enabled the company to focus on long-term growth opportunities.



ORICA MINING SERVICES

Orica Mining Services (OMS) is the world's largest provider of commercial explosives, blasting systems and blast based services. A commitment to innovation and technology is driving differentiation in key market sectors, including open cut and underground mining, quarry operations, civil construction and tunnelling. With a truly global reach, the business operates in over 50 countries with customers in twice that number throughout Australia Pacific, Asia, Europe, the Middle East, Africa, the CIS, North America and Latin America. The global head office is in Singapore.

FINANCIAL OVERVIEW

OMS delivered a solid result in 2011, with EBIT up 6 percent to \$817 million. This result encompassed a diverse end-market portfolio, built on continuing strong demand in coal and metal markets in Australia, Latin America and North America. Highlights for the year include:

- Ammonium nitrate volumes that were up 9 percent on pcp.
- Continuing commitment to improving business productivity.
- Strong ongoing volume growth of 19 percent versus pcp for Electronic Blasting Systems (EBS).
- Improved, but a more difficult pricing environment due in part to the appreciation of the AUD.

YEAR IN REVIEW

In addition to the strong financial results, OMS also delivered:

- Strong growth into the African market, with a full service offer underpinned by the introduction of market leading technologies. Strong relationships with Global Accounts aided further penetration into Tanzania, Ghana, Senegal, Zambia, Mozambique and South Africa. This growth has underwritten investment in three new bulk emulsion plants in West and East Africa, establishing greater presence in the developing mining region.
- Significant progress into the Pilbara iron ore region in Western Australia, resulting in the establishment of an integrated ammonium nitrate supply chain that will facilitate further manufacturing capacity in the future. This includes securing approvals with the Port Hedland Town Council to establish the first bulk emulsion plant in the Pilbara region.
- Completion of a 65ktpa uprate of the ammonia plant at Kooragang Island, Australia, taking total capacity to approximately 360ktpa.



OMS delivered a solid result in 2011, with EBIT up 6 percent to \$817 million.





- Acquisition of Titanobel Belgique S.A. by OMS in April 2011 makes Orica the leading supplier in the Belgian explosives market.
- Acquisition of Sociedade de Explosivos Civis S.A. has provided entry to the Portuguese market.
- Continued growth in Western Canada following the acquisition of the Black Group.

STRATEGY AND GROWTH

- Growth in demand globally for metals markets as well as both thermal and metallurgical coal markets.
- Further penetration into the African market, through partnership with Global Accounts and the ongoing introduction of a technology led full service offering.
- Increased participation in other emerging markets including the CIS, China and Mongolia.
- Current commissioning of the Bontang, Indonesia ammonium nitrate plant with first production due in first half 2012 and full production of 300ktpa in 2013.
- Ongoing planning of the expansion of the ammonium nitrate plant at Kooragang Island, Australia to bring total capacity to 750ktpa.
- Continued planning for an ammonium nitrate plant in Peru.
- Planning for a bulk emulsion plant at Port Hedland in the Pilbara region of Western Australia. Plant expected to be commissioned in second half 2012.
- Continued investment in the fully-integrated non-electric detonator facility in Nanling, China.

OMS partners with Indian University

Orica Mining Services is partnering with the Indian Institute of Technology, Bombay and Monash University, Melbourne to sponsor a world-leading research academy. The academy has 43 PhD students based at the campus in Powai, India focusing on research into clean energy, nanotechnology, biotechnology and advanced engineering. Joining other industry sponsors, Orica is providing funding for two PhD students, one focusing on sustainability and one on nanotechnology.

MINOVA

Minova is a leading manufacturer and supplier of chemical-based consumables, bolts, equipment, accessories and services for ground consolidation, roof support, ventilation and water control to the underground mining, tunnelling and civil construction markets. With a strong focus on technical expertise and innovative customer solutions, Minova is the global leader in the ground stabilisation business.

FINANCIAL OVERVIEW

Minova delivered an EBIT result in 2011 of \$105 million, down 29 percent.

Heightened competitor activity and increased input costs negatively impacted margins in Minova's North American, Polish and other European markets. In Australia, Minova experienced a strong performance, reflecting improved volumes from coal and hard-rock mining markets. Minova has seen improved demand from mining customers in Kazakhstan, Russia and the Czech Republic and strong sales growth in South Africa.

YEAR IN REVIEW

Highlights for 2011 included:

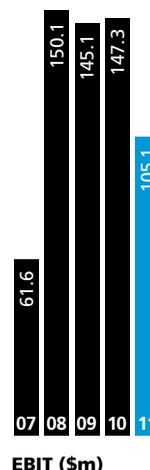
- A new Chief Executive Officer and restructured management team, focusing on Safety, Health and the Environment, driving commercial and operational excellence and technology leadership.
- An efficiency drive across all regions reshaping Minova's 'cost to serve' to meet customer needs.
- Strong focus on emerging markets, including Russia, Africa and China:
 - Construction of a new chemical facility in China to service the growing coal market and increasing number of civil projects in the region.
 - Opening of a new resin capsule production facility in the Urals region of Russia. The plant has a capacity to produce 3.2 million capsules per year and positions Minova to access Russia's main hard-rock mines.
 - Broadening of Minova's ground support offerings in South Africa and Latin America.
- Introduction of a range of new products with a focus on enhancing customer productivity including:
 - Novobolt QB, a two-step integrated strata support system, enhancing mine productivity and safety through ease and speed of installation.
 - The Tensionable Cable Bolt System, offering an advanced support system with all the installation versatility of traditional cable bolts, while providing the ability to fully tension the cable during the normal roof bolting cycle.



Tensionable Cable Bolt (TCB) System

After years of research and development, Minova has launched the TCB System, offering an advanced support system with the versatility of traditional cable bolts while providing the ability to tension the cable during normal roof bolting cycles.

The TCB System can be used for primary support and secondary support in applications where traditional cable bolts are used and enhanced beam building is needed. It has the advantage of using existing bolting equipment and reduces or eliminates the need for expensive cribbing or standing supports. In addition, it lowers the cost to the customer by allowing installation during normal bolting operations.





GROWTH AND STRATEGY

- Continuing to build Minova's global tunnelling capability, leveraging its strong European position into growing civil markets.
- Increased resourcing and focus on growth markets in the CIS, South Africa, Latin America, China and Canada.
- Increased commitment to technology programs and strategic marketing capability to accelerate new product development and commercialisation of innovative solutions for customers, focusing on greater mine productivity and safety benefits.
- Closer alliances with Orica Mining Services and Orica Chemicals to leverage existing capability in growth markets. Collaboration on technology programs, including CSIRO initiatives and other key organisations.

In Australia, Minova experienced a strong performance, reflecting improved volumes from coal and hard-rock mining markets.



ORICA CHEMICALS

Orica Chemicals is a leading global supplier of sodium cyanide for use in gold extraction, and Australia and New Zealand's largest supplier of chemical products to mining, water treatment and industrial markets. The group has six business units: Mining Chemicals, Chemicals Australia, Chemicals New Zealand, Chemicals Latin America, Bronson & Jacobs and Watercare.

FINANCIAL OVERVIEW

Orica Chemicals has again delivered a record result, with EBIT up 4 percent to \$196 million.

The improvement was delivered despite adverse foreign exchange movements over the year. The financial result was underpinned by strong demand for chemical reagents from the mining sectors in Australia, Latin America, Africa and Asia. Sodium cyanide demand for gold recovery was particularly strong throughout the year. Sales growth was also achieved in the industrial chemicals and water treatment markets in Australia, New Zealand and Latin America, although some customers in Australia and New Zealand were unfavourably impacted by currency movements.

The 2011 EBIT performance reflects good margin and cost control across the Chemicals businesses.

YEAR IN REVIEW

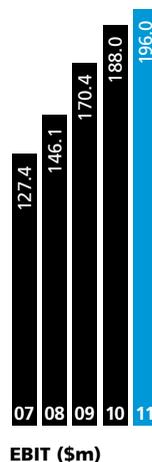
Highlights for 2011 included:

- Mining Chemicals increased the capacity of its Yarwun, Australia sodium cyanide plant to 95ktpa, making it one of the largest sodium cyanide manufacturing facilities in the world. The uprate supports the strong global demand for sodium cyanide on the back of increased gold production.
- Increased Mining Chemicals export sales in the growing markets of Africa, Latin America and the Pacific region.
- The opening of a new emulsifier raw material plant in Deer Park, Australia. This plant will improve Orica Chemical's global competitiveness in the specialty emulsifier business.
- The mining and water treatment sectors generated volume growth for Chemicals Australia. Volume improvement was achieved in both manufactured and imported products.
- Recent capital investments in Chemicals Australia's manufacturing facilities have resulted in strong plant performances that have allowed the business to meet growing volume requirements.



Organic growth

The business is well positioned for organic growth, with an ongoing commitment to the development of long-term partnerships and strong working relationships with customers and suppliers.





- Aggressive pursuit of an organic growth strategy in Chemicals New Zealand has resulted in good sales growth in both the dairy and food sectors.
- Chemicals Latin America experienced strong volume growth in both the mining and industrial sectors.
- Despite difficult trading conditions, Bronson & Jacobs grew market share in Australia and increased volume sales to its Asian market base.
- Watercare increased its presence in the mining sector in Australia with new plant successfully installed during the year.

GROWTH AND STRATEGY

- The business is well positioned for organic growth, with an ongoing commitment to the development of long-term partnerships and strong working relationships with customers and suppliers.
- Further development of the Mining Chemicals business in Latin America, Africa and the Pacific region.
- Continue to explore opportunities to increase sodium cyanide manufacturing capacity, through both debottlenecking the existing facility at Yarwun and developing new facilities in strategic global locations.
- Build new specialty emulsion capacity at Deer Park, Australia during 2012 to meet global growing demand from Orica Mining Services.
- Launch a sustainable efficiency program to drive continuous productivity improvements across Orica Chemicals.

Orica Chemicals
has again delivered
a record result,
with EBIT up
4 percent
to \$196 million.



CULTURE

Orica has a performance-based culture driven by personal accountability for delivering results; a culture that rewards success. It is underpinned by its core purpose which drives what we do.

CORE PURPOSE

Orica's core purpose is "Clever solutions to help our customers harness natural resources to improve peoples lives"

Clever solutions

Orica adds value for our customers through product and service innovation.

Help our customers

Orica is a customer focused, service based organisation, providing solutions at a business-to-business level.

Harness natural resources

The industries Orica works with focus on making the most of natural resources. These include not only mining and infrastructure, but also industries such as agriculture and water treatment.

Improve people's lives

The ultimate outcome of Orica's activities is to help our customers improve people's lives, whether through the generation of electricity or through the manufacture of products. We are committed to sustainability and the communities in which we operate, as well as the creation of value for our employees and shareholders.

DELIVER THE PROMISE

Orica's employees are guided in how they deliver the core purpose by the Deliver the Promise principles. These principles empower and motivate Orica's employees to achieve long-term, sustainable results.

DIVERSITY

Orica's employees are diverse in culture, language, geography and gender. A founding member of the Diversity Council of Australia, Orica has established formal diversity objectives to help guide the strategic approach to capturing the benefits of diversity across our global business.

A CEO-led Diversity Council has been established within Orica to implement delivering strategy and ensure that it is understood and embraced by all of our businesses. Key to the strategy is to ensure that everyone at Orica has the same opportunity to grow their career, regardless of background, gender or nationality. By embracing our differences, Orica will build a sustainable and global competitive advantage.

Orica adds value for our customers through product and service innovation.

Deliver the Promise principles



Safety, Health and Environment – Ensuring our Future

No injuries to anyone ever.
Value people and the environment.



Commercial Ownership

Run the business as if it's your own.
Act responsibly and ethically.



Clever Customer Solutions

Think differently, deliver swiftly and capture the value.



Working Together

Success through collaboration.





GRADUATE PROGRAM

In 2011, Orica launched its global graduate program. Designed to develop both technical and leadership capabilities, it is focused on providing graduates with a successful, challenging and long-term career with Orica.

Orica is one of the few Australian-based companies to offer international rotations to graduates. In addition, Orica has launched an Emerging Leaders Program, run simultaneously with the Global Graduate Program. The program is designed to further develop well-rounded leadership capability among a portion of high potential graduates to build Orica’s leadership pipeline.

Ryan Campbell



Ryan Campbell joined Orica as a graduate in 2008 from the University of Queensland. With a dual Bachelor Degree in Engineering (Chemical)/

Science (Chemistry), he relocated to Melbourne to start his first graduate rotation with Engineering Shared Services (ESS).

In his 12 months with ESS, Ryan worked on a range of projects, including a project designed to increase rates of production at the Yarwun, Australia, ammonium nitrate plant, as well as six months working on the front end design of the recently opened emulsifier raw material plant in Deer Park, Australia.

Ryan’s next rotation was to Kooragang Island, Australia. He was involved in turnaround work for the site as well as day-to-day trouble shooting. Kooragang Island gave Ryan hands-on experience with Orica’s manufacturing technology while allowing him to learn process engineering skills.

In December 2009, Ryan applied for his current position with the Bontang, Indonesia project. After a brief period in Yarwun, Ryan relocated to Bontang where he joined the team commissioning the plant. He is now the deputy commissioning superintendent for the Nitric Acid plant.

“The amazing thing about being a graduate at Orica,” said Ryan, “is the amount of learning and the wealth of experience I’ve been able to achieve. I’ve really loved the opportunity to travel as well”

“Bontang has been a wonderful experience. I’ve loved experiencing the different culture and enjoyed the opportunity to travel into the jungle in my time off”

“While I’m staying on in Bontang for the next six months to ensure all goes smoothly, I’m also looking forward to the next big opportunity with Orica.”

SUSTAINABILITY

Orica has reviewed its sustainability strategy and expanded its scope to achieve better alignment with customers and stakeholders, enhance employee engagement and improve sustainability performance.

At Orica, sustainability means the capacity to deliver acceptable and continuously improving outcomes in the following areas:

SUSTAINABILITY GOVERNANCE

Having sound business and risk management processes that deliver solid financial returns while meeting social and environmental expectations.

2011 Highlights:

- Orica has consistently applied its global operating standards in emerging markets including Bontang, Indonesia and Nanling, China. The Company is proud of its role in encouraging and training local businesses. The majority of employees at these sites are nationals.
- Key sustainability challenges have been reviewed in light of the expanded scope of Orica's sustainability strategy.

SAFETY, HEALTH & ENVIRONMENT (SH&E)

Achieving Orica's vision of no injuries to anyone, ever, and aspiring to do no harm to people and the environment.

2011 Highlights:

- Orica achieved its lowest ever All Worker Recordable Case Rate, at 0.47.
- Orica's Groundwater Treatment Plant in Botany, Australia, recycled 1,250 million litres of contaminated groundwater. The water was sold to industrial customers at the Botany Industrial Park, replacing the use of potable town water.

PRODUCT STEWARDSHIP

Adopting life cycle thinking in the creation and delivery of Orica's products and services and engaging with customers to understand and respond to their evolving needs.

2011 Highlights:

- Orica developed a new process, called ONYX, to use recycled oil in emulsion explosives, assisting customers to achieve their sustainability objectives.
- Orica Mining Chemicals is a signatory to the International Management Cyanide Code as a producer and transporter, recognising its active management of and close relationship with their carriers in the safe handling of cyanide. Certification of Orica Mining Chemicals supply chain was achieved this year for Papua New Guinea, Africa, Asia and Latin America.



Orica donated \$470,000 this year to the Nature Conservancy for biodiversity conservation programs in Peru, Chile and Australia out of total donations of \$1.5 million.



PEOPLE & COMMUNITY

Fostering a diverse, talented workforce and building strong and enduring relationships with community stakeholders.

2011 Highlights:

- This year Orica increased the percentage of female executives to 12 percent. Around a third of graduate intake are women.
- Orica is further strengthening community engagement and communication programs in response to an incident at Orica's Kooragang Island site in Australia.

ENGAGEMENT & COMMUNICATION

Engaging and communicating with stakeholders to build trust and support of employees, customers, business partners, shareholders and the communities in which we operate.

2011 Highlights:

- Orica's Global Employee Survey is translated into 20 languages to engage employees around the world.
- Orica is a signatory to the Responsible Care® "Community Right to Know" Code of Practice. Major sites communicate SH&E performance to their neighbours on a regular basis.

For more information, please read the 2011 Sustainability Report online at www.órica.com/sustainability.

Mount Maunganui



The team from Orica Chemicals New Zealand have donated five decommissioned ammonia tanks to the New Zealand Fire Service to extend their national training centre in Rotorua.

The training centre is designed to provide realistic scenarios to simulate real emergency situations. The donated tanks will be used to train both career and volunteer firefighters in chemical incidents and confined space situations.

The project has not only stopped tonnes of metal being sent to scrap but has benefited the local community and saved the New Zealand Fire Service considerable cost in purchasing tanks.



Record Safety in Brazil

The site team in Parana, South Brazil has put the focus on safety. The team travels the region, offering external pumping to clients. With ambitious targets, the team has grown since its operations started in May 2000, almost tripling sales in just over a decade. The most impressive record, however, is their safety milestone. The team travels more than 16,000 kilometres each year, and in April 2011, they celebrated 4,000 days without an accident. "Safety is ahead of us," said Fabio Prati, general manager Orica Brazil. "That deserves to be celebrated."

SPONSORSHIP

Orica's corporate donations program is funded to the equivalent of dividends payable on a shareholding of 0.5 percent of ordinary Orica shares.

Orica makes contributions aligned to eight principles for donations and focusing on three priority areas; the environment, science and engineering, and education with a particular emphasis on science education.

In Australia, Orica also has an employee workplace giving program, called 'Dare to Share', which matches employee donations up to a certain value, across twelve charities selected by our employees.

In 2011, Orica supported the following organisations:

The Nature Conservancy's mission is to protect the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. In 2011, Orica continued its support of three of the Nature Conservancy's key programs – Shifting Burning Regimes in Northern Australia; Lomas de Atiquipa Reserve, Peru; and the Mediterranean Chile Conservation Program.

Orica is a corporate partner of the **National Youth Science Forum**, which runs camps for 450 of Australia's best and brightest Year 12 science students each year. The Forum is designed to foster the next generation of leading science researchers and practitioners. In 2011, Orica increased its involvement, sending members of the graduate program along to the camps to discuss the program and graduate opportunities with the students.

The Australian Science Media Centre supplies high quality and timely scientific information to journalists with the aim to better inform public debate by improving links between the media and the scientific community.

The Australian Academy of Technological Sciences and Engineering (ATSE) – Orica is a major sponsor of the Science and Technology Education Leveraging Relevance (STELR) project, providing curriculum materials for secondary science courses.

An internal scholarship program funding students around the world in areas of study related to Orica's business.

In addition to these planned sponsorships, Orica also made major donations in response to the following natural disasters:

- Queensland Floods, Australia
- Victorian Floods, Australia
- Brazil Floods

Orica does not make political donations.

Orica supports Indonesian Orphanage



In Bontang, Orica Indonesia has funded work at an orphanage for girls to replace glass in the windows with louvres to stop wild monkeys from coming inside, stealing food and causing havoc. Orica is also helping in the Bontang boy's orphanage, financing the repair of four previously non-functioning toilets. Plans are also underway to provide a clean, safe outdoor area. Orica employees and private donors have recently purchased more bedding so that the children sleep more comfortably.

The spouses of several Orica employees volunteer in the local orphanage on a regular basis. They say that the opportunity to be an expatriate spouse overseas for Orica is an amazing, positive experience, despite the occasional challenge of living in a remote location.

They choose to get involved in social service to their local community to learn something new and to give back to the community. It is their way of saying thank you for the opportunity to live in and be a part of another community.

SHAREHOLDER INFORMATION

CORPORATE GOVERNANCE

The Board and management of Orica are committed to conducting the Company's business ethically and in accordance with high standards of corporate governance. We believe that good corporate governance practices protect and enhance long-term shareholder value.

Orica's corporate governance policies and practices, which are continually refined and improved, comply with the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations. Additional information about the Company's corporate governance practices can be found in our Corporate Governance Statement in the 2011 Annual Report which is available online at www.orica.com.

SHAREHOLDER COMMUNICATION

Orica continually seeks to provide open, timely and relevant information to all shareholders regardless of their location or the size of their shareholding. Details of the latest share price, announcements to the ASX, investor and analyst presentations, webcasts and annual reports can be viewed on the Company's website at www.orica.com. The website also provides information about the Company and offers insights into Orica's businesses.

We can now provide electronic dividend statements, notices of meeting and proxy forms. Electronic transmission enhances shareholder communication, results in significant cost savings for the Company and is more environmentally friendly.

Shareholders wishing to receive all communications electronically can register their preference, as well as update their personal details via the Share Registrar's website www.linkmarketservices.com.au/orica. Shareholders still have the option of receiving the Annual Report by mail and should select the appropriate communication delivery method via the above website if they wish to exercise that option.

2012 IMPORTANT DATES*

7 May

Orica half year profit and interim dividend announced

12 November

Orica full year profit and final dividend announced

20 December

Orica 2012 Annual General Meeting

* Timing of events is subject to change

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Monza Recycled is Certified Carbon Neutral by The Carbon Reduction Institute (CRI) in accordance with the global Greenhouse Protocol and ISO 14040 framework. Monza Recycled contains 55% recycled fibre (25% post consumer and 30% pre consumer) and is FSC Mix Certified, which ensures that all virgin pulp is derived from well-managed forests and controlled sources. It is manufactured by an ISO 14001 certified mill.



