

ASX Announcement**MANAGING DIRECTOR & CEO ADDRESS FOR 2007 AGM****MR GRAEME LIEBELT**

Thank you Don, and good morning ladies and gentlemen. It is my pleasure to be here today to report on another year of excellent performance at Orica.

I do so, proud to be leading more than 14,000 people throughout Orica worldwide, who as individuals, and as a global team, have all been integral to achieving some very strong results.

As Don indicated, it has been a year of great achievement and significant change. We have welcomed new employees and new businesses, entered new markets, and improved our position in existing ones.

We have further defined our business portfolio, and divested some non-core operations to maximise efficiency.

The result, is an even more resilient earnings stream, reflected in pleasing financial results, in what were mixed market conditions.

Underlying net profit after tax and before significant items increased to a record \$498 million, a 31 per cent increase on 2006.

Sales revenue increased 3 per cent to \$5.5 billion, but adjusted for divestments, underlying growth was 12 per cent.

And earnings before interest and tax were up 24 per cent.

Orica Mining Services contributed record earnings before interest and tax of \$575 million, a 40% increase on last year. With this pleasing result spread across all regions, it is a reflection of firm, though not spectacular, trading conditions in global mining and resource markets.

We anticipate growth in these markets continuing for some years to come, perhaps even at an accelerated pace in the next few years.

The up-rate at our Yarwun ammonium nitrate plant also had a positive impact. And, particularly pleasing is the incremental \$95 million contribution from the former Dyno businesses.

The team there has delivered \$70 million of our \$90 million targeted synergies, and will deliver at least the full \$90 million, 12 months ahead of schedule. The business and integration team are to be congratulated for this outstanding achievement.

Underlying earnings for the Chemical Services business increased by 11 per cent, reflecting the market growth in Mining Chemicals and also an increasing market acceptance of Watercare's Miex water treatment technology.

Mining Chemicals performed exceptionally well, achieving a record result. This was driven by increasing demand and strong pricing for sodium cyanide, in a firm gold market. During the year we also successfully commissioned a further 20,000 tonne up-rate of the sodium cyanide plant at Yarwun.

Chemnet's earnings of \$59 million were slightly ahead of last year. The cost restructuring program in Chemnet is complete, and the business continues to recover, with focus now on rebuilding market position.

Consumer Products had a record 12 months as a result of increased market share for all brands, and steadily improving conditions in the Australasian paint market. Underlying earnings grew by an impressive 14 per cent.

Minova, which was only formally acquired at the beginning of 2007, turned in a very good performance in the 9 months that we had ownership. It has made a very positive start, contributing earnings of \$62 million, which is in line with our original expectations.

This acquisition illustrates how we refine our portfolio to ensure that Orica continues to evolve, and how we capture the best opportunities in those markets where we can excel.

So, we are pleased with what has been achieved this year, but we can not stop changing.

And as the Chairman mentioned, in November this year we were successful in acquiring Excel Mining Systems.

We are confident of achieving \$58 million of synergies, in cost, revenue and other benefits from this business, in our third full year of ownership. We believe that the combination of Minova and Excel provides a springboard for new growth. It allows us to capitalise on a global trend towards underground mining and tunnelling, and an increased focus on safety in that sector.

The operations of Minova and Excel are now led by a combined single management team. Drawing on our experience with the very successful Dyno integration, we have established a dedicated project team to manage the Minova / Excel integration, and deliver the synergy benefits from these acquisitions.

These new businesses are complementary to our Mining Services business which has experienced growing volumes driven, in part, by reasonably firm underlying demand for resources.

Importantly, our business is exposed to volume growth, rather than being subject to any potential volatility in commodity prices. In terms of volume growth in the mining and infrastructure markets, we believe that the best is still ahead of us. We have not yet seen the full potential from our customers' plans and their investments, nor the benefits that will flow from the relief of infrastructure bottlenecks.

With this backdrop of significant volume growth for the foreseeable future we are progressing well with plans to build an ammonium nitrate plant in Indonesia.

This is a key market for us. We have the customer contracts in place and we have secured the required land. The engineering and design analysis is well underway, and we anticipate a final board decision during the next 12 months.

There will be more benefit for Mining Services from the expansion of our Electronic Blasting System Technology, and from further bolt-on acquisitions. The ammonium nitrate up-rate already completed at our Yarwun plant has assisted market share growth, and there is more benefit from that investment to come through in 2008.

With the announcement of an indefinite postponement of a competitor plant, which was to have been built in Queensland, we are reviewing potential for further de-bottlenecking of our plants, at Yarwun and Kooragang Island.

The recent sodium cyanide up-rate at Yarwun is also poised to deliver benefits for our Chemical Services business in this year. The market outlook for sodium cyanide is very positive, with increasing demand from the gold mining sector projected to outstrip supply over the next few years.

Chemical Services' Watercare division has made substantial progress with its MIEX water treatment technology. We currently have 12 water treatment systems operating in Australia, the US and Europe, and at least an additional 14 approved to be installed over the next 12 to 18 months. We have made the first steps with this technology into China, having secured agreement for the establishment of three pilot plants, with the Chinese Water Authority.

MIEX is an excellent example of our ability to grow organically by strategic investments in research and development.

A similar focus on new product development and investment in brands has enabled us to increase market share in our Consumer Products business, at a time when the market was relatively tight. With the market outlook now moderately positive, this business is very well positioned to take full advantage of projected growth.

In addition to organic growth in Australasia, we are optimistic about opportunities in the emerging markets in Asia, with a focus on China, where we will pursue organic and small acquisitive growth options.

Chemnet continues its period of re-building. It is now returning 17 per cent on net assets which is very encouraging, and we're confident it will exceed the targeted 18 per cent during the next 12 months. However, this business will continue to be impacted by competitive import pressures on domestic manufacturing, particularly in the automotive and white goods sectors.

Pleasingly, Chemnet's Latin American business has experienced in excess of 60 per cent growth in the past two years since acquisition, and it is well positioned for future opportunities in the region.

Of course, with all of our acquisitions, we welcome new employees to Orica. They join a team of people who stretch around the globe, use a rich array of languages,

and have many diverse traditions. What they have in common though, is a commitment to what we call 'delivering the promise' – to our customers, to each other, to the community, and, of course, to our shareholders.

They are empowered and motivated to achieve long term results, and I believe this is clearly reflected in Orica's financial performance.

Mindful of the number of employees new to Orica in recent years, in 2007 we successfully completed a comprehensive relaunch of the Deliver the Promise program.

The four key principles, developed by our employees, are:
To care for people and the environment;
To run the business commercially as if it's our own;
To develop creative customer solutions; and
To work together for success as a team and as individuals.

Our promise to care for people and the environment includes a commitment to ensuring 'no injuries to anyone ever'. We still have a long way to go to reach that vision.

Our underlying performance on recordable injuries and distribution incidents continues to be in line with world's best practice.

However, we are extremely saddened by two incidents resulting in fatalities that occurred during the year. We lost an employee as a result of an incident in Chile, and 28 people died in an incident involving a collision and subsequent explosion of a contractor's truck in Mexico. Our deepest sympathies go to all those affected by these incidents. We have conducted thorough investigations into the causes of these tragic events, and we will learn from these experiences with the purpose of preventing any recurrence.

Now, Don touched on some of our more high profile environmental initiatives.

Our vision to become a carbon neutral and water neutral organisation is a key part of our pledge to current and future generations. It is a significant and important challenge.

Earlier this year we appointed a senior manager to oversee our carbon trading strategy. He joins others who, for some years, have been focussed on sustainability issues. All of our sites around the world are accountable for reducing their environmental impact. Some quite innovative programs, and often simple changes to the way we do things, are making a difference.

Some of these have been externally recognised, such as the Banksia Award presented to the Dulux team, for its Paintback recycling program, run in conjunction with Bunnings stores.

As another example, the team at our Port Kembla plant in NSW, is successfully treating and re-using waste water from its plant, and that has reduced the site's use of town's water by more than 80 per cent. There are many such examples.

As we look toward 2008, we will continue to see the benefits of investments we have made in recent years.

The further contribution of the former Dyno businesses, a full year contribution from Minova and eleven months from Excel, the full benefit from recent plant up-rates, along with the many growth opportunities across our businesses auger well for a strong year ahead.

Trading in the first two months of this year has us comfortably ahead of the same time last year.

A number of factors are working in our favour. But perhaps the most critical of these, is the professionalism and commitment of our people. Providing them with the environment to progress and succeed, is something which I personally see as very important – and I know that's a view shared by your Board.

Earlier, you will have noticed some new faces on our Group Executive team, and I would particularly like to welcome Patrick Houlihan, Michael Reich and Craig Elkington, as the newer members of the team.

Each of these three appointments reflects our strong commitment to developing our most talented people and to sound succession planning.

In the case of Michael, who comes from the Minova business in Germany, it also reflects our approach to integrating new businesses. We place great importance on retaining the knowledge, talent and experience of those who have successfully operated these businesses under their previous ownership. This was the case with Dyno and is the case with Minova and Excel.

The talent of our people goes deep into the organisation. I have had the privilege of visiting many employees on sites around the world during the last year, and I thank the entire Orica team, along with my colleagues on the board, for their contribution to another successful year.

The strategic direction guided by your board - combined with a global team of people who have the aptitude, commitment and drive to realise our vision – gives us great confidence in the future prosperity of your company.

Thank you.

21 December 2007

- **Contacts:**

- Stuart Hutton, Investor Relations Manager, Ph: +61 3 9665 7844 Mob: 0411 790 164
- Lisa Walters, Communications Manager, Ph: +61 3 9665 7538 Mob: 0421 585 750

- **Web site:** www.orica.com