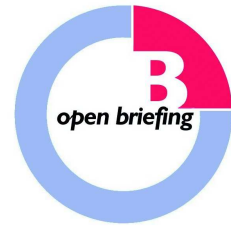


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Orica Limited today announced your intention to stand, at the December 2007 Annual General Meeting, for re-election as Chairman for a further period of up to two years. Why have you decided to stay on longer than the maximum 10-year term in Orica's corporate governance guidelines?

Chairman Don Mercer

The 10-year rule is certainly our general principle and I intended to abide by it. But, at the request of my colleagues, I'm staying on for just a couple more years.

That's been driven by the view that this is not a great time to be changing chairs. After the private equity approach to Orica in April there's agreement that, from the point of view of the company's positioning, we've got a degree of unfinished business. In addition the general turbulence in markets currently makes the entire industrial scene worldwide different from what it was.

For all those reasons, the request for me to extend makes sense and I'm very happy to go along with it.

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You rejected the private equity offer of \$32 per share because it "significantly undervalues Orica and its growth prospects." Given the shares were trading below \$24 as at the end of last week, what was the basis of your valuation of the company when you rejected the bid?

Chairman Don Mercer

To preface, we did not get a definitive “bid.” That’s important to remember. We got an incomplete, conditional proposal from the consortium. In the context of the market as it was then, my colleagues and I were buyers at \$32, not sellers. Subsequently, there’s been an awful lot happen in world markets. The tide has gone out and everybody’s in shallower water: that certainly includes us.

In terms of Orica as an investment opportunity, we’d still say there’s significant value in the company that isn’t reflected in yesterday’s, today’s, or tomorrow’s share price. As directors we have to look at value in a more fundamental way.

Our view is that we have the world’s best franchise in providing explosives for civil use, in particular for the mining industry. If you believe the China story even half way – and we do – not to mention the India story, there’s huge and growing demand for raw materials. Our ability to supply that industry is a position most people would die for. And you must remember we’re not exposed to fluctuations in prices, we’re exposed to volume movement. The position we have, and the commercial opportunity we have, to service the sustained emerging growth in the mining sector is worth a great deal of money. I won’t say our position is unique, but it’s by far the world’s best in the sector. We value it, and we’d like to think our shareholders will too.

In Consumer Products we have Australia’s leading market share and the best brands. Our business in Dulux, Selley’s, etc. is not one we’re about to give away lightly. And we have development opportunities in lesser-known areas. We have a terrific position in water services – we supply chlorine and water quality management components for the big urban water utilities as well as a new water purification technology that we’re commercialising internationally.

A particular proposal has to be understood in the context of a particular market; what investment opportunities you’d have with the money if you took it, and so forth. We were undervalued at \$32, and we’ll be working hard to ensure our story is better understood in the market.

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Can you be more specific about the growth prospects you see for Orica, both organic and via acquisition?

Chairman Don Mercer

The foundation we have is such that the organic growth opportunities are considerable: new plant construction for new material supplies, new countries, for example, building a much more effective presence in Russia where there’s huge activity in the minerals area.

But in addition, we have plentiful merger and acquisition opportunities. All I have to say at the moment is we’re looking at a number of opportunities linked with mining services. We’ve made strategic acquisitions that give us opportunities for further growth in many more markets.

The acquisition of Minova, and subsequent moves we’ll make around that, are going to give us much greater involvement in underground mining. A lot of

the future of mining is going to be underground – the best open pit opportunities have been exploited – and our capability to service that part of the mining industry will be very important. We tried to acquire DSI but we're financially disciplined and so unfortunately we had to lose that one. Nevertheless, there are other opportunities of that sort, and we'll be building and enhancing our underground capability.

As an aside, over the last couple of years particularly, private equity players have had far too much debt that's been far too cheap and hence they've been able to bid up assets in ways that made it difficult for businesses like Orica to compete for acquisitions. With the implosion of debt markets we're now seeing, the industrials who can bring synergy benefits to the table are going to have the opportunity to succeed in M&A.

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Given 75 percent of Orica's business is now mining services related, there is a view that the non-mining businesses negatively impact the total value of Orica. Are you considering a restructure of the portfolio?

Chairman Don Mercer

The issue of portfolio structure is an important one. It's part of the legacy of having been a component of a global multinational, ICI, and retaining bits of business that may or may not make sense for an Australian standalone company. We look at the issue continuously. Over the years since the separation from ICI, you've seen big change in the structure of our business. We've sold off pieces of the business – most recently the adhesives and resins business, and Qenos before that. We also separated from Incitec Pivot last year.

We're doing a lot of work to see if there's something here that we should understand better or do something about. This is a complicated question and one for which we've had professional advice, but there isn't a no-brainer type case to be made here.

You might say, how can you be the owner of a mining services business and a paints business? And the answer is, we actually run both of them extremely well, and I'm not sure if anyone could do it better. We're not starving any of our businesses of capital, and there are benefits from being part of a larger organisation with career development opportunities for people, funding, flexibility, etc. There's a lot going for the model we presently have.

Equally, with the disproportionate growth of our Mining Services business, we need to keep the portfolio under continual review. If there's something we should communicate – believe me we will.

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What other initiatives are you assessing to increase shareholder value?

Chairman Don Mercer

The opportunities we have for organic expansion and in mergers and acquisitions will continue to be a great way to add shareholder value.

To the extent that we find that view is not correct, that we're still unable to make acquisitions that fit our investment criteria, we'll certainly continue to manage our capital and find the most tax effective way to get it back to our shareholders.

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Thank you Don.

For more information about Orica, visit www.orica.com or call Investor Relations Manager Stuart Hutton on (+61 3) 9665 7844

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