

Notice of Meeting

Notice is hereby given that a meeting of holders of 5% Preference Shares in Orica Limited will be held at BMW Edge, Level 1 Boardroom, Federation Square, Cnr Swanston & Flinders Streets, Melbourne on Friday, 21 December 2007 at 9.30am.

Special Business

1 Cancellation of 5% Preference Shares

To consider and, if thought fit, pass as a special resolution the following:

That, subject to a resolution being passed by Ordinary Shareholders in similar terms to this resolution by the requisite majority, the Company reduce its share capital by way of a selective capital reduction in accordance with section 256B of the Corporations Act by:

- (a) cancelling all 5% Preference Shares in the Company with effect on and from the Record Date being 14 January 2008; and
- (b) paying to each 5% Preference Shareholder on a date no later than 31 January 2008, the sum of \$4.75 for each 5% Preference Share in the Company held by the 5% Preference Shareholder on the Record Date.

Note: All 5% Preference Shares in the Company as at 10.00 pm on Wednesday, 19 December 2007 (Melbourne time) are taken, for the purposes of the meeting, to be held by the persons who held those securities at that time.

By order of the Board
Annette Cook
Company Secretary

9 November 2007

Explanatory Notes to Shareholders

Item 1 – Cancellation of Preference Shares

The Proposal

The Board proposes that the 2,000,000 5% cumulative non-redeemable preference shares in the Company (the 5% Preference Shares) on issue be cancelled in return for a cash payment of \$4.75 for each 5% Preference Share cancelled (the Cancellation Consideration). The Company has applied to the ATO for a ruling confirming the proportion of the Cancellation Consideration that will be considered a return of capital and the proportion that will be deemed a dividend which will be partially franked. As the ATO process was continuing at the date of this notice, shareholders will be advised of the final allocation advised by with the ATO by announcement to the ASX.

The proposed selective capital reduction will not affect your entitlement to the 2.5 cent per share dividend for the period to 31 December 2007, which will be paid in addition to the Cancellation Consideration.

The Reasons for the Proposal

The Board has proposed this resolution for the following reasons:

(a) More efficient capital structure

The 5% Preference Share were issued in 1938.

Following the capital reduction, the Company will have a more efficient capital structure, with greater flexibility to enable the Company to respond to business opportunities as they arise.

(b) Illiquid nature of 5% Preference Shares

Your 5% Preference Shares are not redeemable. Consequently, a sale on the ASX is the only way for you to receive back your capital.

Your 5% Preference Shares, however, are extremely illiquid compared to most other securities quoted on the ASX. This has a constraining effect on the market price of your 5% Preference Shares.

The capital reduction will provide you with the opportunity to realise immediate value from your 5% Preference Shares and to do so without incurring brokerage costs.

Entitlement to Participate

If you hold 5% Preference Shares immediately before 10pm on 14 January 2008 (the Record Date), you will be entitled to participate in the capital reduction.

If you are entitled to participate in the capital reduction, you will receive \$4.75 for each 5% Preference Share held by you as at the Record Date.

Effect on Creditors

The capital reduction involves a reduction in the Company's paid-up share capital. In the opinion of the Directors, this will not materially prejudice the Company's ability to pay its creditors. The total amount of the Cancellation Consideration is not a material amount relative to the Company's existing cash reserves, and the Company has sufficient cash flow from its businesses which, together with cash reserves, are sufficient to pay the Company's creditors.

Effect on Company's Capital Structure

The Company has cash reserves which are sufficient to fully fund the return of capital. The capital reduction will have no effect on the Company's ability to pay future dividends.

Tax Implications

You should obtain your own advice regarding the possible tax consequences of the capital reduction.

Directors' Interests

None of the Directors hold or have any interest in the 5% Preference Shares. Accordingly, the Directors will not participate in the capital reduction.

Voting Requirements

This selective capital reduction can only proceed if a special resolution is passed at this meeting. A special resolution is a resolution that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution, either in person or by proxy.

As the capital reduction must also be approved by a special resolution passed at a General Meeting of Shareholders (with no votes being cast in favour of the special resolution by you or any of your associates), a resolution will also be put to the Company's Annual General Meeting which is being held on 21 December 2007 at 10.30am.

If both resolutions are passed:

- the Company will cancel all of the 5% Preference Shares; and
- the Company will pay you \$4.75 per 5% Preference Share in cash no later than 31 January 2008.

Other information

Voting Undertaking

Shareholders holding over 75% of the 5% Preference Shares have undertaken to the Company that they will not vote against the resolution at the Annual General Meeting and, where applicable, will vote in favour of the capital reduction at this meeting.

The Company currently holds executed proxies in respect of these Shareholders' voting rights, which direct Donald P Mercer or Graeme R Liebelt, Orica directors, or any other director of Orica, to vote in favour of the relevant resolutions at this meeting and not to vote against this resolution at the Annual General Meeting. The Shareholders have agreed not to revoke these proxies prior to the Meetings. The Shareholders have also agreed not to grant any later proxies and not to attend the meetings.

No Further Material Information Known

As at the date of this notice, there is no further information known to the Company that is material to the decision on how to vote on the capital reduction.

The Company is not required to disclose information to its Shareholders if it would be unreasonable to require the Company to do so because the Company has previously disclosed the information to those Shareholders. Accordingly, Shareholders should also have regard to information previously disclosed concerning the Company.

If any Shareholder is in doubt as to how to vote on the resolutions or how the resolution may impact the Shareholder, the Shareholder should seek advice from a professional advisor.

Directors' Recommendations

The Directors have formed the view that the capital reduction:

- is fair and reasonable to the Company's shareholders as a whole; and
- does not materially prejudice the Company's ability to pay its creditors.

The Directors recommend that Shareholders vote in favour of this resolution.

FEDERATION SQUARE

FLINDERS STREET

RUSSELL STREET

SWANSTON STREET

FLINDERS STREET STATION

YARRA RIVER TERRACE
FEDERATION WHARF
Riverland Bar & Café

TO BIRRARUNG MARR



- ENTRY
- LIFT
- RAMP
- TAXI
- TRAM STOP
- DROP OFF PICK-UP ZONE
- PEDESTRIAN CROSSING
- ATM
- PUBLIC TOILET
- INFORMATION COLUMN

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