

22 May 2008

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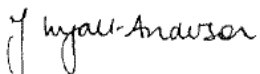
Dear Sir,

**RE: DYNNO NOBEL LIMITED: CHAIRMAN'S ADDRESS – LISTING RULE 3.13.3**

Permanent Investment Management Limited (ABN 45 003 278 831), as Responsible Entity for the Dyno Nobel SPS Trust (ARSN 126 167 459), attaches a copy of the 2008 Dyno Nobel Limited Annual General Meeting Chairman's Address.

This will be delivered to Shareholders today.

Yours sincerely



**Julianne Lyall-Anderson**  
**Company Secretary**



**Dyno Nobel Limited**

**ABN 44 117 733 463**

**Chairman's Address  
to the Dyno Nobel Annual General Meeting**

**22 May 2008**

Ladies and gentlemen, on behalf of the Board of Dyno Nobel Limited I would like to welcome you to the Company's annual general meeting. This is the second meeting of shareholders since Dyno Nobel listed and quite possibly the last. Therefore, it is a significant day and I thank you for making the effort to be here.

Following this meeting, you will vote on the proposed acquisition of Dyno Nobel Limited by Incitec Pivot Limited.

The Board has carefully considered Incitec Pivot's proposal and believes that combining the two companies makes strategic sense. Both are nitrogen-based manufacturing businesses which, when combined, can alternate production between

explosives and fertilisers to take advantage of the hard and soft commodities cycles in order to create additional shareholder value.

We believe Incitec Pivot's offer is an attractive one with an implied value at the close of trade yesterday of A\$3.23 and the rationale strategically compelling. Ladies and Gentlemen, how you vote today will determine the next chapter in Dyno Nobel's long and rich history, a proud history which dates back 170 years. We will address the question of the proposed acquisition of Dyno Nobel by Incitec Pivot at the Scheme Meeting which will follow the Annual General Meeting.

I would now like to reflect on a couple of key issues which occurred during the year ended 31 December 2007.

2007 was a successful year for Dyno Nobel but a year which also brought some significant challenges, namely the fatalities we suffered and the ammonium nitrate project at Moranbah which I will address shortly.

### **Safety**

Tragically, three of our employees lost their lives over the past year. One, as a result of a vehicle accident in the US in November last year, and two died in an unplanned detonation at our Mexican manufacturing plant in January this year.

Our thoughts are with the families, friends and colleagues of the deceased. As an act of compassion, our employees began a global collection for an education fund for the children of the deceased Mexican employees.

A full investigation into the incident is now complete and we are implementing measures to prevent a recurrence.

Dyno Nobel's number one objective remains with even stronger resolve, "Zero Harm" and we continue to do everything we can in order to achieve this goal.

In this regard, in 2007 our efforts concentrated on three major initiatives. One, to standardise our safety processes and procedures across all regions; two, to audit and improve our Process Safety Management systems and practices; and three, to develop our employees' sense of personal responsibility for their own attitudes and behaviours around safety.

We also recognise our role in ensuring our various operations and activities are carried out in an environmentally, socially and economically responsible and sustainable manner. Our inaugural Sustainable Development report, released last year, outlines our Sustainable Development policy, sets benchmarks for our performance in these areas and demonstrates our efforts towards earning our 'Social licence to Operate'.

### ***Financial performance***

Turning to our financial performance, Dyno Nobel continued to record strong underlying earnings growth. Net Profit After Tax before significant non-recurring items increased 20.4%. Revenue grew by 12.9% on 2006 and earnings before interest, tax, depreciation and amortisation grew by 23.9%, excluding significant non-recurring items.

One of the major drivers of the Company's growth strategy is to re-enter those markets we previously operated in prior to the 2005 sale. Last year, we continued to expand our business both geographically and in the range of products and services we now offer our customers.

We enhanced our core business with 9 new acquisitions during 2007. Our investments have given us a strategic foothold in key markets such as the fast growing Chinese explosives market and the southern African market. In Canada, our acquisition of Castonguay strengthened our position as a value-added provider of drill and blast services and we have established a market leading position.

Fabchem in China, I might add, is performing very well: in the three months ending 31 December 2007, that company posted a 59% increase in profit.

In North America Dyno Nobel retained its position as the number one explosives player. North American EBIT increased by 16% for the period ended 31 December 2007.

The success of our North American operations can be attributed to a number of factors.

We successfully integrated the recent acquisitions; we improved gross margins through revised pricing structures, and we gained from business improvements, such as the relocation of some of our manufacturing capabilities. We have also been able to supply the highly lucrative fertiliser market which has contributed directly to our bottom line.

Asia Pacific recorded an outstanding result in the second half of 2007 with earnings up 92.2% on the first half. Contributing factors to this result were the realisation of new business wins and increased demand for our underground mining technology and electronic products.

However, our bottom line result was impacted by significant non-recurring items which totalled US\$67.6 million after tax. These were costs associated with restructuring the business, corporate advisory and costs relating to Project Imagine, Dyno Nobel's business improvement programme.

The major non recurring item was US\$52.4 million associated with the write-down of the carrying value of Moranbah.

## ***Moranbah***

The project to build an ammonium nitrate manufacturing facility at Moranbah in the Bowen Basin of Queensland commenced in early 2006 on the back of strong customer, community and government support for a third such facility in Queensland to service the ever-growing demand for explosives primarily, for the coal mining industry.

The facility is very complex, as it includes an ammonia plant, a nitric acid plant and an ammonium nitrate plant together with all the utilities required to operate those plants concurrently in a safe and efficient manner.

The most complex of the plants is the ammonium nitrate plant, as that plant must produce the final product - prilled ammonium nitrate - that must maintain its specification in a region with extreme climatic conditions.

The logic of building the facility at Moranbah was and remains sound. However, as with so many major construction projects in Australia at the moment, it has suffered from the constraints of the booming economy driven by the resources sector, in particular the availability of experienced engineers, the increasing cost of manufactured equipment and materials, and the availability and expense of labour.

The progress of the refurbishment and reconstruction of the ammonia plant, the design of the nitric acid plant and procurement of key equipment was satisfactory.

Unfortunately, during the course of 2007, the project was increasingly affected by delays primarily in the finalisation of the design of the ammonium nitrate plant and the utilities systems, which are inter-related. As a result, the ability to forecast what the ultimate project cost would be and when the project would reach completion with a reasonable degree of certainty was not possible.

By December 2007, despite significant efforts to resolve the issues, the Board felt, in the absence of a reliable forecast of cost and schedule, that the decision to indefinitely suspend the project was in the best interests of shareholders. At the time, the funds spent and committed on the project plus costs to wind up project activities totalled approximately A\$280 million.

Following the indefinite suspension announcement, the company was approached by a consortium which, along with management, undertook a detailed evaluation of the feasibility of the project. Part of this involved work undertaken by a consortium of three companies in order to provide clarity in relation to the costs and the time required to complete the project, including the resolution of the engineering issues that had until then, caused significant uncertainty.

The company is very appreciative of the effort put in by the consortium and the engineering design companies to resolve the issues that had dogged the project until recently.

After two months of intense review of all aspects of the project, the company and the consortium reached a point in mid February where it was considered possible that the project could be restarted and completed for a cost that is within an acceptable range and with a completion date, though challenging, is achievable, which will enable product to be supplied to customers by the start of 2010.

Discussions with foundation customers over that period were positive and encouraging, and their commitment to the project remains, without which the project would have been terminated by now.

With that in mind, and although the project is indefinitely suspended, further funding was approved in order to maintain the project on its critical path. In February 2008, the Board approved a further A\$7.3 million to continue on-going detailed engineering and support work for the month of March. In March, the Board approved a further A\$8.3 million for on-going detailed engineering and support work for April.

To the end of April 2008, the total sunk costs for the project, including the costs of keeping the project on its critical path, were approximately A\$305 million.

The Board was not prepared to approve funding beyond April, however Incitec Pivot provided its financial support to Dyno Nobel for the project from the end of April to give it the option of resurrecting the project on the assumption it will be successful in the acquisition of Dyno Nobel Limited.

Under these circumstances, the Board also decided it would be prudent not to declare a final dividend for the year ended 31 December 2007.

Having said that, the outlook for the explosives industry and for Dyno Nobel remains positive. We expect Dyno Nobel will continue to benefit from the economic growth in the developing economies and from the demand for metals, energy and construction materials this growth drives.

In fact, I am pleased to announce that only this morning we notified the Australian Stock Exchange of our 50 per cent acquisition of Nitro Mak, a Turkish manufacturer and distributor of explosives.

This is a strategic acquisition and one that gives us access to the fast growing eastern European explosives market as well as a solid platform to re-enter the broader European market.

We are experiencing a period of strong global demand for resources, commodities and soft commodities and all indications point to this trend continuing. The capacity expansion projects at Cheyenne in the USA and QNP in Queensland will position Dyno Nobel well to meet this continued strong demand for explosive and agricultural products, particularly from the booming Chinese and Indian economies.

In conclusion ladies and gentlemen, and before we move to the voting, I wish to thank the staff of Dyno Nobel for their hard work throughout the year and I would also like to take this opportunity to thank CEO, Peter Richards and the Board for their contribution.

Thank you.