

ASX ANNOUNCEMENT – 8 February 2010

IPL to Restart Moranbah Ammonium Nitrate Complex

Incitec Pivot Limited (ASX: IPL) today announced that construction of an ammonium nitrate (AN) manufacturing complex at Moranbah, in Central Queensland, would recommence in May, 2010.

The project, scheduled for beneficial operation in the first quarter of Calendar 2012, is expected to be completed within the previously announced budget of \$935 million.

The project involves the construction of a 330,000 tonnes-a-year fully-integrated back-to-gas AN complex comprising ammonia, nitric acid and ammonium nitrate plants as well as utilities, power generation and other infrastructure to support the permanent workforce.

IPL advised in February last year that the project would be slowed following a revised outlook for AN demand in the midst of the Global Financial Crisis. About 35 per cent of the project is now completed.

Incitec Pivot Managing Director & CEO, James Fazzino, said: "This is a compelling project strategically, financially and competitively.

"This project fits with our strategy of aligning our business to the industrialisation of Asia and leverages our core nitrogen manufacturing capability.

"This will be a world scale manufacturing plant at the bottom of the cost curve in its market and meets our financial criteria, achieving 18% RONA (Return On Net Assets) in the third full year of operation.

"The plant is located in the Bowen Basin, Australia's largest metallurgical coal region, adjacent to some of the largest coal mines in the world which are operated by globally-significant mining companies.

"Our customers have strongly supported the project, with around 90% of the plant's forecast production committed.

"Engineering, procurement and construction will continue to be undertaken with our alliance partners, United Group Resources Pty Ltd, Bilfinger Berger Services (Australia) Pty Ltd and BGC Contracting Pty Ltd, who continue to work closely and constructively with IPL. The project also involves a 15-year coal seam methane supply agreement with Arrow Energy Limited."

Mr Fazzino said confidence in the delivery of the project within budget was underpinned by a rigorous independent estimate of the engineering, procurement and construction costs to complete by leading international engineering procurement construction contractor, Uhde Shedden.

“The project will be funded by existing debt facilities and will not require equity funding.”

Mr Fazzino said that the development of the Moranbah complex was a strong practical reinforcement of the strategic decision to acquire Dyno Nobel and provided a base for growth of the explosives business.

“In the 2009 Full Year, Dyno Nobel globally delivered a 27% increase in earnings. Dyno Nobel Asia Pacific volumes increased by 26% in the worst global financial downturn in 80 years,” he said.

Kerry Gleeson
Company Secretary

Investor contact:

Lyn Shalless
Telephone: 03 8695 4511
Mobile: 0412 289 472

Media contact:

Stewart Murrphy
Telephone: 03 8695 4582
Mobile: 0418 121 064

About Incitec Pivot

Incitec Pivot (ASX: IPL), an S&P/ASX Top 50 company, is a leading global company which manufactures, markets and distributes a range of industrial explosives, fertilisers, related products and services to customers around the world. A leader in its chosen markets, the Company holds a portfolio of recognised and trusted brands and is the No. 1 supplier of fertilisers in Australia and the No 1 supplier of industrial explosives, related products and services in North America. Employing more than 4,400 people, IPL owns and operates manufacturing plants in the USA, Canada, Australia and Mexico and has joint venture operations in Turkey, South Africa, Malaysia and China.

About Dyno Nobel

Dyno Nobel, the industrial explosives business of Incitec Pivot Limited, is a global leader in the commercial explosives industry, providing blasting solutions and quality explosives products throughout North America and Australia, as well as to selected customers in other countries. Dyno Nobel has more than 30 manufacturing plants, including state-of-the-art initiation systems facilities in the United States, Australia and Mexico.