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ASX ANNOUNCEMENT – 6 March 2008

IPL Update

Incitec Pivot Limited (IPL) said today that it anticipated 2008 earnings before interest and tax (EBIT) would be in the range of \$700 million to \$730 million, an increase of up to 135% on 2007.

The improved outlook is largely attributable to an increase in earnings from manufacturing flowing from higher international di-ammonium phosphate (DAP) prices, partly offset by adverse currency movements, higher sulphur costs and lower production volumes at IPL's plant at Phosphate Hill in North West Queensland.

The earnings guidance is based upon expectations that global influences will drive an increase in average DAP prices to a range of between \$US760/t and \$US790/t in 2008. This follows strong international demand, supply disruptions in China and record high input costs of phosphate rock, ammonia and sulphur.

Phosphate Hill production has been adversely impacted by railway line outages due to floods, the current interruption to metgas feedstock supply at the Mt Isa sulphuric acid plant and scheduled maintenance shutdowns. It is now expected that IPL's ammonium phosphate production in 2008 will be approximately 900,000 tonnes, compared with the 2007 production of 978,000 tonnes.

To mitigate future interruptions to ammonium phosphate production, IPL is investigating a range of capital investment opportunities to address transport and storage of sulphur and sulphuric acid, as well as debottlenecking at the Mt Isa sulphuric acid plant. These initiatives are expected to cost approximately \$25 million over 2008 and 2009.

IPL said that, while the outlook for the 2008 winter crop looked promising, it was still too early to anticipate how the season will unfold.

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