



# Penrice Soda Holdings Limited

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# NEWS

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16<sup>th</sup> June 2009

### **“REJECT LCE BOARD PROPOSALS”**

#### **SAYS PENRICE SUB-COMMITTEE**

Two nominees seeking positions on the Board of Penrice Soda Holdings Limited (ASX: “PSH”) do not add to the skills and expertise of the Company’s current Board, according to a letter being mailed today to all Penrice shareholders.

The letter – from a Sub-Committee of non-executive Penrice Directors – “strongly and unanimously” recommends that shareholders reject changes to the board proposed by shareholder London City Equities Limited (LCE) and its associates.

In reaching its decision, the Sub-Committee chaired by Mr Andrew Fletcher, says it considered the following matters and believes that they represent a strong basis for rejecting the LCE proposals:

- The Penrice Board and management have a clear and effective strategy in place to generate value for the benefit of all shareholders
- LCE’s apparent concerns about the Board and the Company ignore Penrice’s strong underlying performance and contradicts LCE’s own statements
- LCE’s actions, after being offered a Board position, are unnecessarily disruptive, unreasonable and costly for Penrice shareholders
- The LCE nominees do not add to the skills and expertise of the current Penrice Board
- LCE is seeking disproportionate representation and influence

Other members of the Penrice Sub-Committee are current non-executive directors Ms Barbara Gibson and Mr John Hirst.

The committee’s “reject” letter accompanies the Notice of Meeting and Explanatory Memorandum lodged with the ASX today by Penrice and to be mailed to all shareholders. The meeting documentation has been prepared to inform shareholders about matters relevant to their decisions on how to vote at the meeting.

Penrice has called the General Meeting requisitioned by LCE to remove two current Penrice Board members, Mr John Heard (Chairman) and Mr David Trebeck, and have two LCE nominated candidates, Mr Peter Murray and Mr Glenn Turner, appointed in their place.

The Penrice shareholder meeting will be held at 11.00 a.m. (ACST) on Monday 27 July 2009 at the Adelaide Convention Centre.

In the letter, Mr Fletcher says that to maintain flexibility in Penrice's capital management strategies, the Board will also take the opportunity at the meeting to request that shareholders refresh the Company's ability to issue up to 15% of its issued capital in a 12 month period.

"The Company's capital raising in December 2008 exhausted the capacity to raise additional capital by way of placement under ASX Listing Rule 7.1 until December 2009," Mr Fletcher states in the letter.

"The Board feels that it is a prudent measure to provide it with the flexibility to approach the market in a way that best suits the Company in the event that additional share capital is required," the letter says.

The Explanatory Memorandum urges shareholders to support Penrice's present direction under its successful three-year Way Forward Plan.

"The Board and management of Penrice are making substantial progress in implementing a three-year Way Forward Plan to improve the business infrastructure and establish a platform for future growth," the memorandum says.

"The Penrice Board expects that the full benefits for shareholders from the Way Forward Plan will be through sustainable growth in earnings and improved cash flows in the next financial year (FY10) and beyond.

"In contrast, LCE's request for a general meeting was not accompanied by any tangible proposal for the advancement of the Company."

The Explanatory Memorandum notes that Penrice has grown revenue and underlying EBIT during a time of significant investment by the Company necessary to implement the Way Forward Plan.

"LCE itself was positive about Penrice's underlying earnings for the six months ended 31 December 2008. LCE's Chairman's Report dated 26 February 2009 in fact stated **"Penrice's underlying results for the six months and business activity give us complete faith in the future of this key investment"**.

"From the date of the LCE Chairman's statement, to the date of the requisition notice from LCE, no adverse event has occurred relating to Penrice's operations – as opposed to short term movements in the Penrice share price – to warrant LCE's position to change.

"As LCE conducted detailed investigations prior to making its investment and made supportive comments in February 2009, the Sub-Committee sees no basis for the rapid change in LCE's view of its investment in Penrice."

The Explanatory Memorandum also advises that Penrice will, in the near future, provide shareholders with an update on the progress of the Way Forward Plan.

The document also contains statements from Penrice's Chairman, Mr John Heard, and non-executive Director, Mr David Trebeck, and background details on Mr Peter Murray and Mr Glenn Turner.

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### **About Penrice ("PSH")**

Penrice Soda Holdings Limited (ASX: "PSH") is the only manufacturer of soda ash in Australia and a significant producer and distributor of sodium bicarbonate in international markets - exporting to 28 countries.

Its Chemicals business, based at Osborne South Australia, supplies two key chemical ranges - **Soda ash** is sold in the Australian market as a vital ingredient in products ranging from glass containers (especially wine and beer bottles), flat glass for building and construction, washing powder and the mining industry.

**Sodium bicarbonate** is a specialty chemical used in a variety of applications as diverse as food, pharmaceuticals, medical, personal care products and stock feed. Over recent years, Penrice has successfully expanded the capacity of its sodium bicarbonate plant from 24,000 tonnes per annum to 100,000 tonnes per annum to meet increasing demand.

Its **Quarry & Mineral** business is based at the Penrice mine at Angaston South Australia. While the mine supplies a vital ingredient into the chemical process at Osborne, it is also a significant supplier of aggregates and other materials to a variety of end-uses, such as civil & construction, roads, landfill, glass, mineral processing, agriculture, stock feed and landscaping.

The Company directly employs around 300 people, and is a major South Australian employer and a vital link in the Australian glass industry and other prominent downstream industries, such as the building industry and the wine industry.