



Penrice Soda Holdings Limited

24 December 2009

PENRICE AND OWENS-ILLINOIS AGREE TERMS ON SUPPLY CONTRACT EXTENSION

- **Soda ash supply contract with largest customer extended to end of 2012**
- **Positive impact on earnings**
- **Soda ash business achieves return on investment benchmark rate during contract**

Penrice Soda Holdings Limited (ASX: "PSH") announced today that it has agreed in principle a multi-million dollar soda ash supply contract extension with its largest customer, global glass packaging manufacturer Owens-Illinois.

The contract with O-I Australia, a subsidiary of Owens-Illinois, Inc. of the USA ("O-I") - extends the successful existing Penrice / O-I supply partnership for three years until the end of 2012.

Penrice supplies soda ash from its Adelaide, South Australian based chemicals plant to O-I's state of the art glass packaging plants at several locations throughout Australia.

Penrice is Australia's sole producer of soda ash, which together with limestone and sand, are the key ingredients in glass manufacture. Penrice is the major soda ash supplier to all glass manufacturers in Australia.

"We are delighted that Penrice's long association with O-I has been extended with this long term contract," Penrice's Managing Director & Chief Executive Officer, Mr Guy Roberts, said today.

"It is a partnership that has seen the volume of our soda ash supplies to O-I grow in tandem with the success and expansion of O-I's operations in Australia over many years," Mr Roberts said.

"That track record of successful soda ash supply has now translated into Penrice being awarded this new contract extension. Clearly, it is a win-win for both parties."

"Penrice looks forward to working in partnership with O-I to support it and its customers in the vital food and beverage industries in Australia."

Impact on earnings

Mr Roberts said the O-I contract represents a large proportion of Penrice's soda ash business, the prospects for which are positive.

"The outlook for soda ash locally and internationally is characterised by robust demand and firmer pricing in the medium to long term," he said.

Mr Roberts said, "The new contract is in line with expectations and will generate substantially increased earnings for Penrice's soda ash business. It will also help our soda ash business achieve its return on investment benchmark rate of 15% during the life of the contract."

About Penrice

Penrice 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. It is also used in water treatment and the mining industries.
- Sodium bicarbonate is a specialty chemical used in a variety of applications as diverse as food, pharmaceuticals, medical, personal care products and stock feed. The Company focuses on a premium range of high-quality products which suit the most demanding applications.

The Group's Quarry & Mineral business is based at the Penrice mine at Angaston South Australia. While the mine supplies limestone 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, stockfeed and landscaping.

Penrice is an ASX listed public company since 2005 and has operated successfully since the 1930's.

The Company directly employs over 300 people and is a major South Australian employer and a vital link in the Australian glass industry and other prominent downstream industries in Australia, such as the building & construction, food, beverage and wine industries. For more information visit <http://www.penrice.com.au>

About O-I

Millions of times a day, O-I glass containers deliver many of the world's best-known consumer products to people all around the world. With the leading position in Europe, North America, Asia Pacific and Latin America, O-I manufactures consumer-preferred, 100 percent recyclable glass containers that enable superior taste, purity, visual appeal and value benefits for its customers' products. Established in 1903, the company employs more than 23,000 people with 79 manufacturing facilities in 21 countries. In 2008, net sales were \$7.9 billion. For more information, visit <http://www.o-i.com>.

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