



Penrice Soda Holdings Limited

December 2011

Dear Shareholder,

I am enclosing a copy of the presentations by me and the Managing Director to the Company's Annual General Meeting on 5 December. I hope that this material, which has already been posted on the Company's ASX website, helps to explain the nature of the problems confronting the Company and the actions being taken by the Board and Management to endeavour to turn them around.

I am also enclosing a series of answers to questions submitted prior to the meeting by shareholder, London City Equities (LCE).

I am delighted to report that, despite a campaign led by LCE against them, the two directors seeking re-election at the AGM – Andrew Fletcher and David Groves – were re-elected by comfortable margins. In fact, when the votes of parties connected with LCE are excluded, 80% of shares were voted in favour of their re-election. I mention this in view of the notice of meeting which has been received from LCE for yet another extraordinary general meeting at which an attempt will be made to remove all of the non-executive directors. In light of the decisive vote at the AGM, this action seems especially pointless and costly. It is certainly counter-productive to the Company's interests.

To those shareholders who voted for the re-election, may I thank you for your ongoing support, which serves to ensure consistency and stability as the Company implements its turnaround plans.

To those shareholders who voted against the directors' re-election, may I request that you study the enclosed material closely so you can form a judgement as to whether you think the Company is on the right track, or if alternative approaches have more chance of being successful.

To those shareholders who did not vote on this occasion, could I request that you take close interest in the development of your company.

The motion for the adoption of the Remuneration report had a 57% vote against, and clearly the Company needs to assess this result carefully – and will do so.

Votes against the adoption of Remuneration reports also reflect a general sense of dissatisfaction with performance. Therefore I would like to say to those shareholders who did vote against the adoption of the Remuneration report, please let me know any specific suggestions you have for improvement or provide further details as to why you voted the way you did. You can contact me at: david.trebeck@penrice.com.au

In the meantime, you can be assured that the directors and management are focused on improving Penrice's financial performance. We will convey further updates as and when appropriate.

Yours Faithfully

DAVID TREBECK
CHAIRMAN