

PENRICE SODA HOLDINGS LIMITED

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AUSTRALIA'S PENRICE WINS SODA ASH SUPPLY CONTRACT FOR \$2 BILLION NEW CALEDONIA NICKEL PROJECT

Australian company Penrice Soda Holdings Limited (ASX: "PSH") has beaten international competition to a soda ash supply contract for the new US\$2 billion Goro nickel mining project on the South Pacific island of New Caledonia.

Penrice's South Australian plant will supply Vale Inco's Goro nickel project with soda ash which is used as a precipitant in the recovery of cobalt and nickel in the mine treatment process.

The exclusive multi-year contract starts in the 2008-2009 financial year when the massive Goro project is scheduled to commence nickel and cobalt production.

"This is another significant resources industry supply contract for Penrice and is expected to provide us with an earnings uplift of around 5% per annum," Penrice's Managing Director & Chief Executive Officer, Mr Guy Roberts, said today.

"It builds on our other recent new mining industry contracts, including the long-term supply of soda ash to the new Windimurra vanadium mine in Western Australia which will generate annual revenue of around \$10 million for Penrice," he said.

"Like our Windimurra success, Penrice has beaten international competition to capture the Goro nickel mine supply contract and we are well placed to continue our strong position as a reliable, secure and competitive soda ash supplier to such projects.

"The global soda ash market remains tight, with demand from the glass industry outstripping supply and with no major expansions planned in the USA which remains the biggest exporter of soda ash.

"At Penrice, we are already examining the options to expand soda ash output from our Osborne plant in South Australia to ensure the Company maintains its standing in local supply markets."

Goro nickel project

The Goro project has the giant Vale Inco Limited as its largest shareholder. Other shareholders are huge Japanese companies Sumitomo and Mitsui (combined 21%) with the remaining 10% held by provincial authorities in New Caledonia.

Vale Inco is a leading producer of nickel, copper, cobalt and precious metals, based in Toronto, Canada. Vale Inco is a wholly-owned subsidiary of Vale, (formerly CVRD) one of the world's largest mining companies. Vale Inco has

more than 12,000 employees worldwide and had net sales last year of over US\$8 billion.

Goro is one of the largest undeveloped laterite nickel ore bodies in the world with expected annual capacity of 60,000 metric tonnes of nickel and up to 5000 tonnes of cobalt.

Construction work on the Goro mine and nickel production plant project commenced several years ago and is expected to be completed this year with phased output building to nickel and cobalt production reaching full capacity in 2013.

Estimated capital cost for the mine, process plant and infrastructure is US\$2 billion. Soda ash for the Goro mine will be shipped from Penrice's Osborne plant which is also a major supplier of soda ash to the Australian glass industry.

"Another large mining customer in the region has recognized Penrice's long standing strengths of responsive, reliable and competitive supply." In fact it is the second nickel mine supply contract in New Caledonia for Penrice, which has been successfully supplying another mine for many years.

"This latest resources industry contract also represents another successful diversification for Penrice away from its reliance on traditional soda ash sales to the glass industry, which of course still remains the backbone of our annual revenue source," Mr Roberts said.

"We look forward to building on the Goro success with new contracts across the glass, mining and industrial consumer sectors," he said.

About Penrice

Penrice is the only manufacturer of soda ash and sodium bicarbonate in Australia. It exports to more than 15 countries and employs about 300 people.

Its chemicals business, based at Osborne, supplies two key industrial chemicals. Soda ash is a vital ingredient in products ranging from glass containers (especially wine and beer bottles), and flat glass for building and construction, to washing powder and the mining industry.

Sodium bicarbonate is used in applications as diverse as food and pharmaceuticals, medical and personal care products and stock feed.

The Company also owns and operates the largest marble and limestone mine in Australia, situated at Angaston, in the Barossa Valley, South Australia. The Mine provides a critical, economical supply of limestone to the Company's production of soda ash and sodium bicarbonate at its plant at Osborne.

The quarry and mineral business sells products from the mine for a variety of applications including cement and lime, civil construction, roads, landfill, glass, mineral processing, agriculture, stockfeed and landscaping.

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