

PENRICE SODA HOLDINGS LIMITED

Media Release

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WINDIMURRA AND PENRICE SIGN FORMAL CONTRACT FOR SODA ASH SUPPLY TO W.A. VANADIUM PROJECT

A long-term contract to supply soda ash to the Windimurra vanadium operations in Western Australia has been signed by Penrice Soda Holdings Limited (ASX: "PSH") and project developer, Windimurra Vanadium Pty Ltd ("WVPL").

Penrice had previously announced that it had reached preliminary agreement with Windimurra Vanadium to supply the project with soda ash, which is a key component in the process of extracting vanadium from its main host source, magnetite ore.

"This Windimurra signing completes a most progressive year for Penrice on the Australian resources industry front and is by far our largest soda ash supply contract to the Australian mining industry," Penrice's Managing Director & Chief Executive Officer, Mr Guy Roberts, said today.

"We are currently in discussions for further resources industry supply contracts in Australia and offshore and are confident of announcing at least one of these additional contracts early in the New Year," Mr Roberts said.

"The Windimurra supply deal will be one of our top five annual sales contracts and represents a further diversification away from Penrice's traditional reliance on the glass industry for all soda ash sales," he said.

The Penrice-Windimurra agreement now formalised is for five years, starting in the final quarter of the 2008 calendar year when the Windimurra project is scheduled to commence production. Both parties have the option to extend the soda ash supply contract for an additional five years.

"The contract will generate additional revenue for Penrice of around \$10 million per year, which means potentially a \$100 million contract for the Company if both WVPL and Penrice agree for the supply contract to run for the full 10-year term," Mr Roberts said.

"The Windimurra project is a significant new development on the Australian resources front with one of the largest proven vanadium reserves in the world and the potential to be one of the lowest cost producers in the world.

"It will be a long-life operation and Penrice looks forward to a long-term supply association with the project's owners."

Earlier this year, Penrice won a contract to supply soda ash to Compass Mining, a subsidiary of ASX listed Compass Resources, for the mining group's nickel-cobalt operations being developed in the Northern Territory.

WINDIMURRA VANADIUM PROJECT

The Windimurra Vanadium Mine, located 600km north east of Perth, is based on one of the largest proven vanadium reserves in the world. Global demand for vanadium is expanding, driven by growth in steel consumption, increasing intensity of vanadium use in developing economies and expanding use of vanadium-titanium alloy in aerospace applications.

The Windimurra Project will be one of the world's lowest cost vanadium producers. Production is expected to commence in the second half of 2008. The mine is expected to produce 6,400 tonnes per annum of ferrovandium, which will represent approximately 7% of the world demand.

The vanadium in the magnetite ore will be converted into a water-soluble vanadium compound when the magnetite mineral is mixed with a sodium flux and heated in a calcining kiln. Soda ash is the preferred flux in the vanadium extraction plant at Windimurra.

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