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# NEWS

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***FOR IMMEDIATE RELEASE***

Thursday, 10 May 2007

## **NEW SUPPLY CONTRACTS PROVIDE SALES**

### **BOOST FOR PENRICE**

Penrice Soda Holdings Limited (ASX: PSH) today announced new soda ash supply contracts to the Australian glass manufacturing and mining industries, along with continued surging international demand for its sodium bicarbonate products.

The new glass industry contract is with Pilkington Australasia – the nation’s largest float glass manufacturer and one of Penrice’s –major soda ash customers.

Penrice also announced a new in principle agreement to supply soda ash to Compass Mining Pty Ltd’s Copper-Nickel-Cobalt mining operations in the Northern Territory.

#### **Continued strength in glass industry**

The Pilkington contract is a renewal of a successful long standing supply partnership for the supply of soda ash to its Victorian and New South Wales glass making operations.

Pilkington, a subsidiary of the global leader in flat glass manufacture, Nippon Sheet Glass Co Ltd, supplies glass products in Australasia mainly to the building and automotive industries and specialist flat glass for other applications.

Pilkington is one of Penrice’s largest, long-standing customers, along with the Owens-Illinois and AMCOR glass companies.

Penrice’s Managing Director & Chief Executive Officer, Mr Guy Roberts, said the Pilkington contract further strengthened the future for the company’s leading soda ash supply position in Australia.

“Pilkington’s recently announced \$135 million expansion for its Dandenong plant in Victoria is also a positive development for future soda ash supplies,” he said.

#### **Expanded mining industry involvement**

Mr Roberts said the agreement to supply soda ash to Compass Mining, a subsidiary of ASX listed Compass Resources, was a welcome extension of Penrice’s involvement in the Australian resources industry.

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“Strong global metal prices are resulting in the ongoing emergence of new mine development in Australia and we look forward to increased participation in that growth. Soda ash has potential roles as a process chemical and for waste water treatment at mine sites,” he said.

“We are already in negotiations for additional soda ash supply contracts in Western Australia and Queensland.”

The Compass Mining contract will see soda ash transported from Penrice’s Osborne plant in South Australia to the mining group’s nickel-cobalt operations being developed in the NT.”

Soda ash is used as a precipitant in the recovery of cobalt and nickel in the mine treatment process.

### **Surging sodium bicarbonate demand**

Mr Roberts said the new soda ash contracts coincided with continued strong global demand for Penrice’s fastest-growing product, sodium bicarbonate.

“Penrice’s recognition as an international supplier of sodium bicarbonate has been further heightened by our sales breakthrough in recent months to Canada, South Africa and additional Asian and European countries,” he said.

“The increased demand – particularly for high value food products and the pharmaceutical and health care markets – has already led to supply contracts with the likes of the international food giant, Kraft-/ Nabisco.

“It is pleasing to report that the stand-out growth areas were being met by the timely 2006 expansion and modernisation of our Osborne sodium bicarbonate plant.

“In fact, a continuation of the current worldwide sales growth will see Penrice considering a further expansion of our sodium bicarbonate production facilities.”

### **\$30 million limestone mine upgrade**

Mr Roberts said Penrice had just completed a \$30 million mobile fleet upgrade at its Angaston limestone mine in SA.

“We are already seeing significant efficiency benefits flowing from this fleet replacement program which has been completed under a long-term contract with Komatsu,” he said.

“The upgrade and resultant operational benefits are enabling us to better service the buoyant civil and home building activities in the northern Adelaide region.

“Penrice aims to build on its already strong position in this area and the Angaston improvements will enhance future sales expansion.”

### **Osborne plant**

A priority for Penrice in the current financial year has been implementing a three-year strategy of significantly improving plant integrity, plant reliability and productivity at all of its operations.

Unexpected plant disruptions at the main Osborne plant and a series of one-off costs were the main reasons for reduced first half earnings and dividend reported in February by Penrice.

“While it is pleasing to report some improvement in this area in the current half compared with the first six months of 2006-07, we continue to investigate and implement action aimed at eradicating plant inefficiencies and eliminating other unforeseen and unnecessary costs,” Mr Roberts said.

“As part of the strategy, our Board is currently reviewing various options to ensure we move forward with increased and more efficient production and lower costs,” he said.

“Any new developments in this area will be announced to the market as and when they are finalized.

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