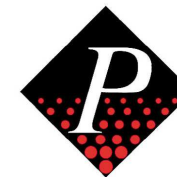


Penrice Soda

Investor Presentation

October 2009

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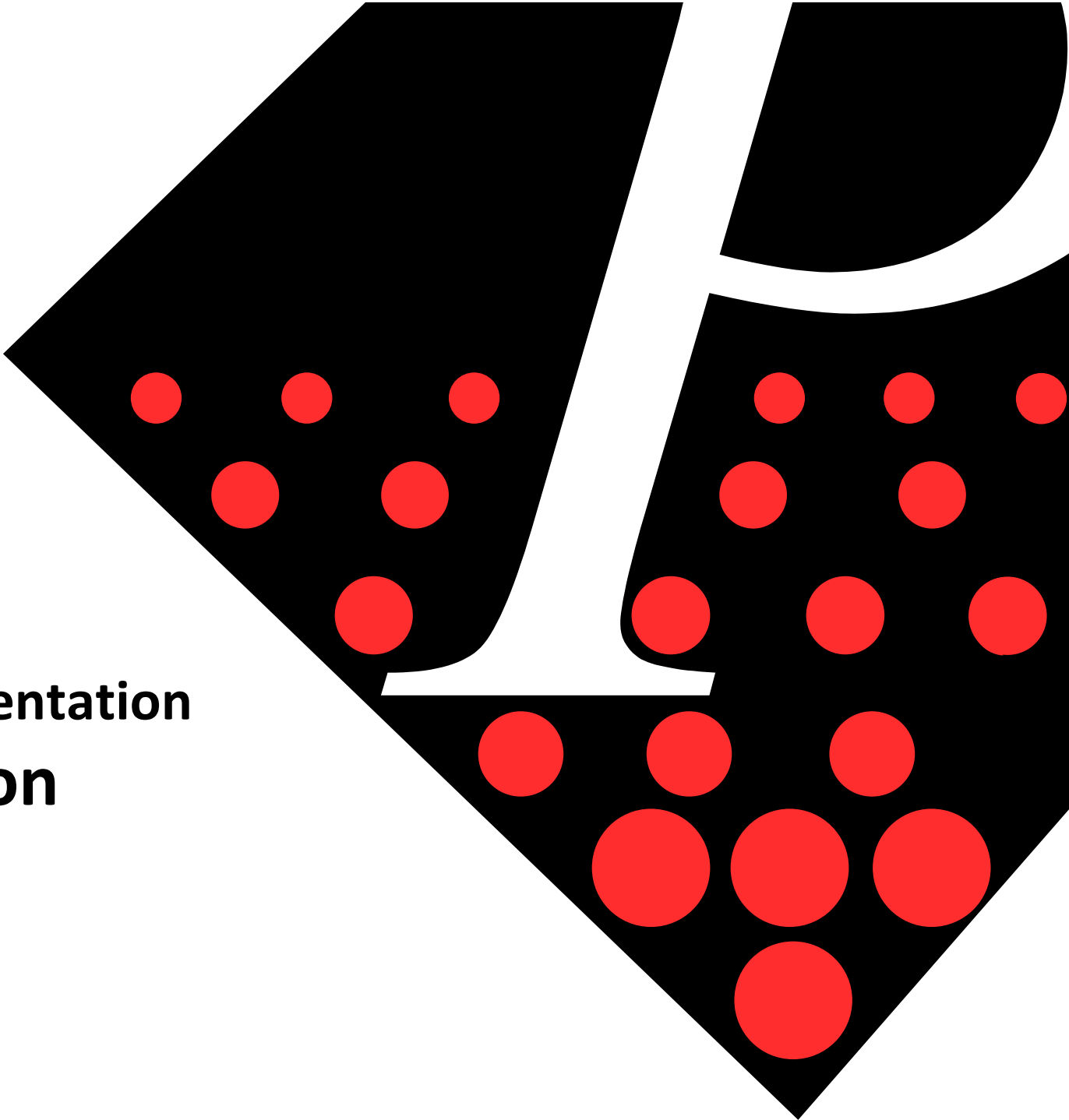
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**Investor Presentation
Introduction**

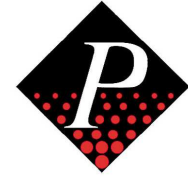




Proposed capital raising

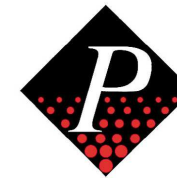
- Total raising of \$28.1m with estimated net proceeds of \$26.1m
- Non-renounceable pro-rata entitlement offer of \$21.3m and placement of \$6.8m (up to 15% limit) to sophisticated investors
- Net funds raised used primarily to pay down debt, to fund working capital and up to \$8m to fund potential sodium bicarbonate plant expansion

Investment highlights



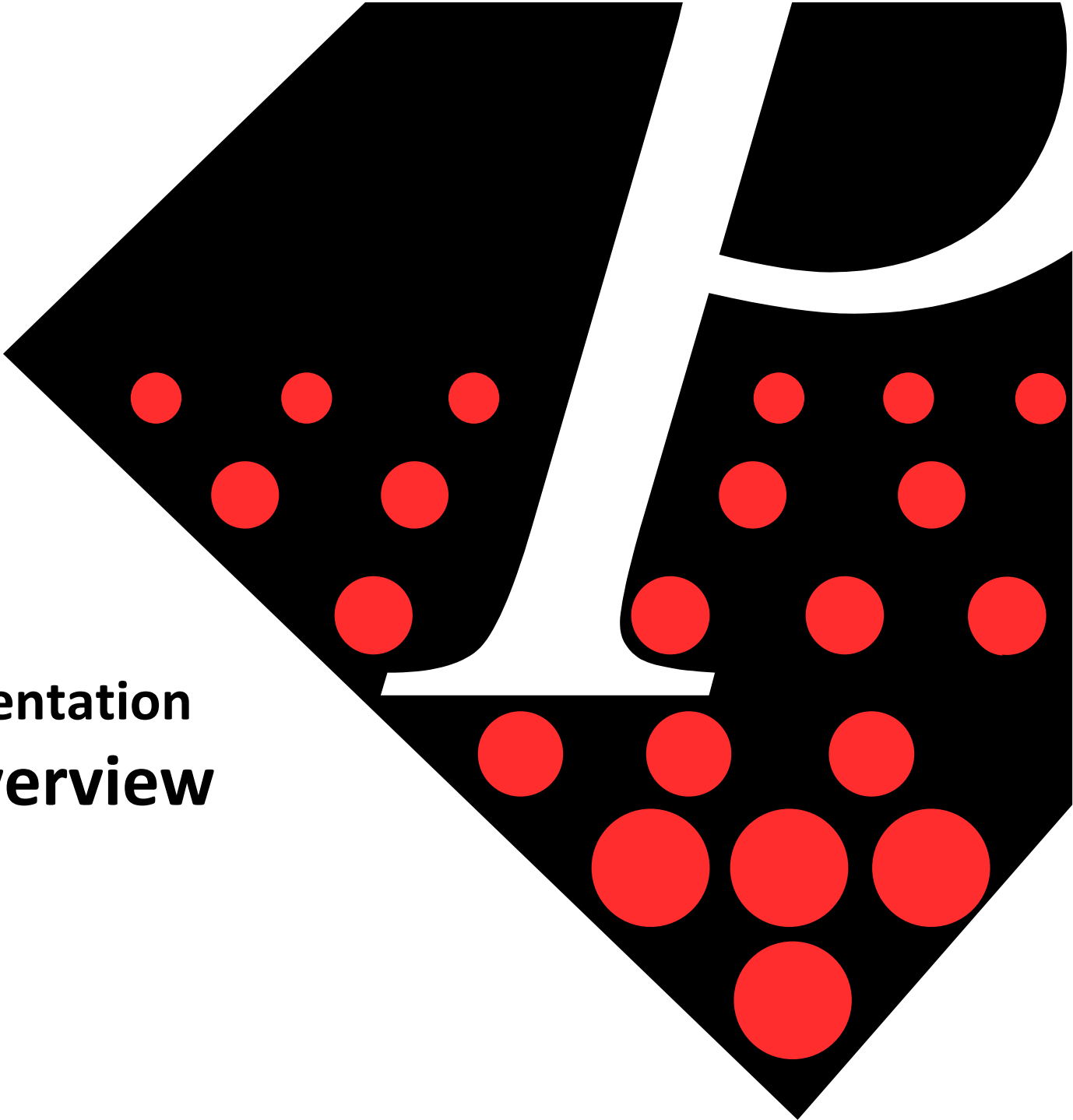
- First quarter FY10 performance on budget and ahead of prior corresponding period (pcp)
- Subject to global economic conditions, underlying profit after tax for FY10 expected to exceed the FY09 underlying profit after tax of \$9m
- FY10 performance should benefit from
 - Major multi-million dollar soda ash supply contract expanded and extended with Amcor effective from 1 January 2010
 - Extended to the end of 2014 and expanded to include limestone
 - Generates above 15% return on net assets (RONA)
 - Expected renegotiation of the Owens-Illinois contract
 - Increased sodium bicarbonate sales following the recent plant expansion
 - Continued improvements from the Way Forward Plan

Investment highlights



- Target gearing levels of 40-50% (net debt / net debt + equity)
 - Gearing level post raising will be 41% compared to 58% at 30 June 2009
- Target dividend payout ratio of 40-50%
 - Subject to a successful capital raising, Directors expect dividends to recommence for FY10 in line with improved performance
- Financially disciplined management team focussed on 15%+ RONA benchmark
- FY11 and beyond
 - Further expansion of the sodium bicarbonate plant to 125,000 tpa is being evaluated post capital raising with expected project approval date of March 2010
 - Company expects to achieve increased soda ash sales from the mineral processing segment and increased schist sales from the land fill segment

**Investor Presentation
Penrice Overview**



Company overview



- Penrice Soda Holdings is Australia's only manufacturer of soda ash and sodium bicarbonate and one of the world's largest sodium bicarbonate marketing companies...
- Penrice is amongst the lowest cost producers globally and is committed to creating value through expanded capacity and production growth; lower unit costs; higher cash flow and lower debt...

MARKET LEADERSHIP

SUPERIOR PRODUCTS

**PRIVILEGED RAW
MATERIALS & ASSETS**

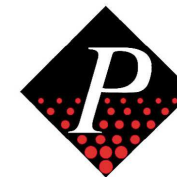
EXPERIENCED TEAM

TECHNOLOGY

PERFORMANCE CULTURE

...disciplined return focus to drive shareholder value

Corporate snapshot

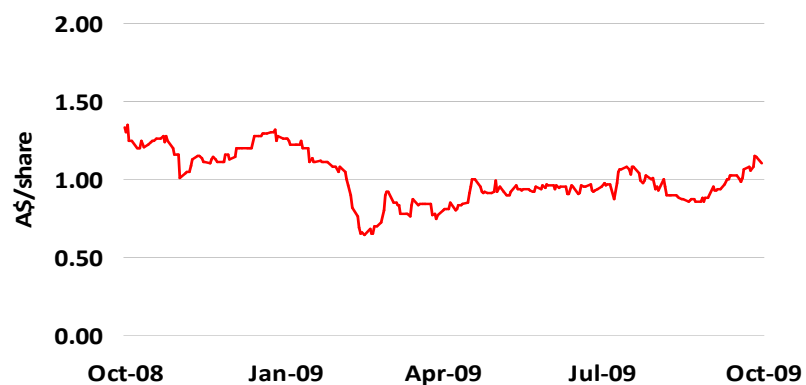


PENRICE SODA LIMITED

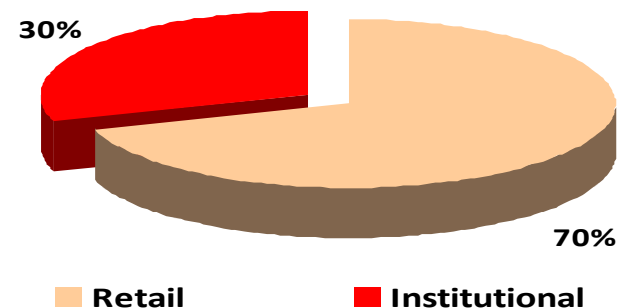
ASX code	PSH
Shares on Issue (September 2009)	53.0m
Market Capitalisation*	~A\$58m
Net Debt (at 30 Jun 2009)	A\$86.6m
Gearing (ND/ND+E) (at 30 Jun 2009)	58%
Interest Cover (at 30 Jun 2009)	3.1x

*As at 23 October 2009

Share Price Performance



SHAREHOLDER PROFILE



Top 20	33.7%
Directors & Management	1.5%

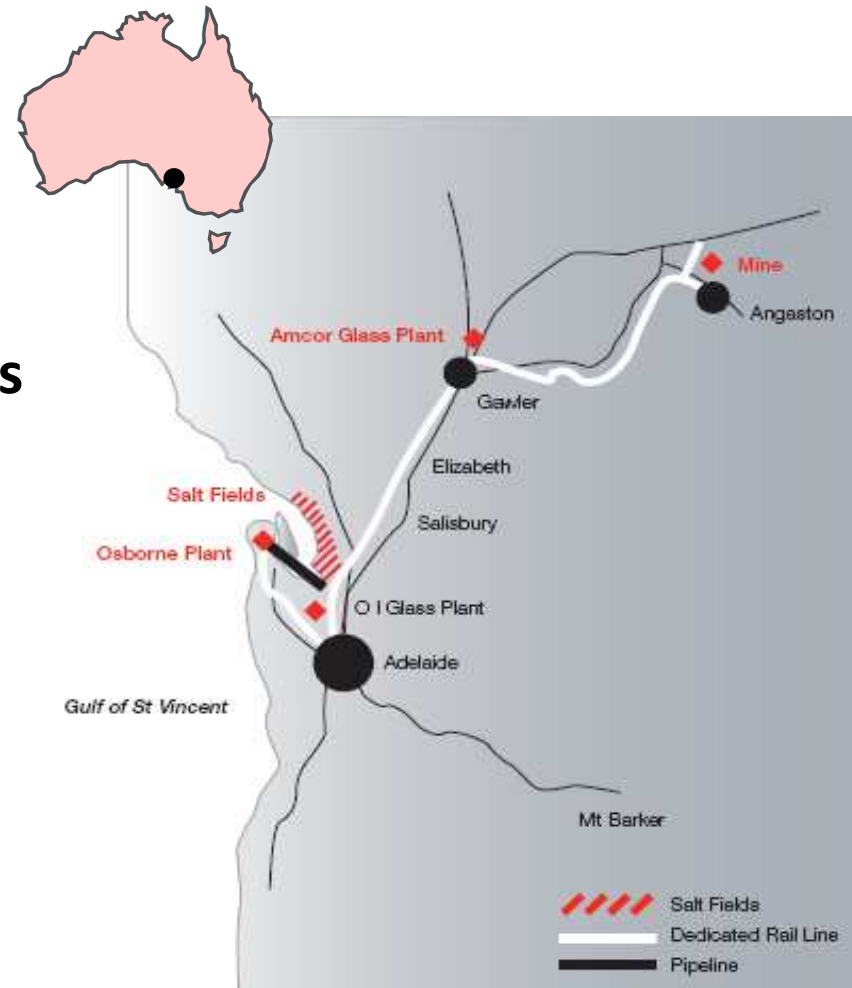
Board & Management

John Heard	Chairman
Guy Roberts	Managing Director & CEO
Andrew Fletcher	Director
Barbara Gibson	Director
John Hirst	Director
David Trebeck	Director
Frank Lupoi	CFO & Company Secretary



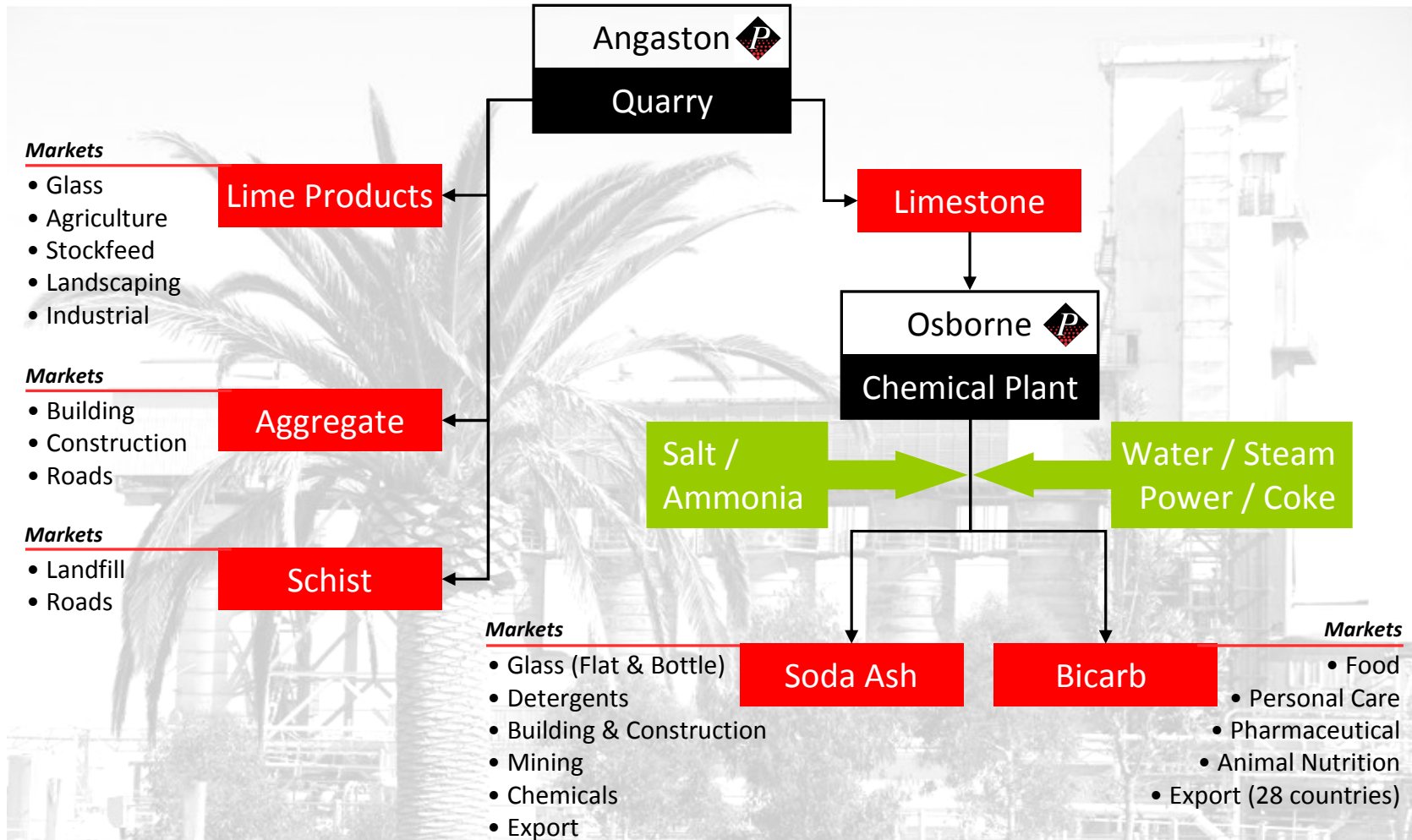
Key assets

- **Chemicals Business**
 - **Osborne, South Australia**
 - Chemical plant
 - Soda Ash / Sodium Bicarbonate
- **Quarry & Minerals Business**
 - **Angaston, South Australia**
 - Limestone mine & quarry
 - Limestone / Aggregate / Schist
- **Salt**
 - **Salt Fields, South Australia**
 - Long-term strategic supply agreement with Ridley until 2026

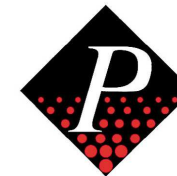


...strategic assets & raw materials

The Penrice process



Chemicals



Manufactured at Penrice facility at Osborne:

Soda Ash

- Only plant in Australia, largest plant in SE Asia

Sodium Bicarbonate

- Only plant in Australia, Top 5 plant globally
- Expanding global niche business
- Targeting premium food, pharmaceutical, medical & personal care markets in Asia-Pacific

- ✓ Strategic raw materials security
 - ♦ *limestone, salt, steam, water, power, coke, ammonia*
- ✓ Proximity to growing markets in Australia and exports
 - ♦ *Soda ash - glass & mining in Australia*
 - ♦ *Bicarb - food & pharma in Asia Pacific*
- ✓ Leading technology
 - ♦ *Solvay process*
- ✓ Applications & supply chain competency



...emerging growth opportunities

Quarry & Minerals



- **Angaston, South Australia**
 - Largest chemical-grade limestone deposit in Australia
 - 30++ years mine life
 - Supplies vital raw material (limestone) into chemical process at Osborne
 - Significant supplier of lime products, aggregates & schist for many end-uses
 - lime, industrial minerals, agriculture, civil and construction and landfill
 - Exclusive rail access to northern Adelaide growth corridor presents opportunities for supply to proposed landfill and road developments



...expanded revenue base

Competitive Advantages

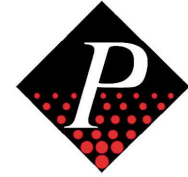


- **Core capabilities**
 - Chemical manufacturing and mining skills and applications expertise
 - Low cost producer (soda ash)
 - Premium producer to meet high end customer applications (sodium bicarbonate)
- **Positional advantages**
 - Only soda ash producer in Australia; largest in SE Asia
 - Only sodium bicarbonate producer in Australia; Top 5 producer globally
 - Mine located in growth corridor
 - Access to rail transport infrastructure
- **Strong, long-standing customer relationships**
 - Owens-Illinois (formerly ACI)
 - CSR Viridian
 - Amcor
 - Orica
 - Campbell Brothers
 - Cussons
 - Adelaide Brighton Cement



... a suite of advantages

The team



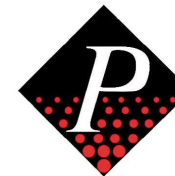
Management	Responsibility
Guy Roberts	Managing Director & CEO
Frank Lupoi	CFO & Company Secretary
Declan Mackle	GM Chemical Operations
Andrew Cannon	GM Supply Chain
Darrin Wright	GM Safety, Health & Environment
Marnie Brokenshire	GM Human Resources
Mike Carter	GM Quarry & Mineral
Andrew Kuhndt	GM Sales
Roy Doveton	GM Capital Projects

...highly skilled & experienced executive team

Profit drivers – FY10 and beyond



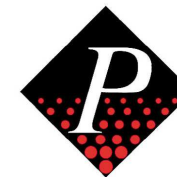
- **Increased sodium bicarbonate production capacity**
 - Expansion of sodium bicarbonate plant completed in FY09 increasing annual production from 75,000 tpa to 100,000 tpa
 - Capex for this expansion was \$15m including \$3m for upgrade to packaging facilities
 - Forecast to deliver \$13m pa increased sales and \$4m pa EBITDA by FY11
 - Potential for further expansion to 125,000 tpa costing up to \$8m following capital raising
- **Major contracts**
 - Uplift to earnings expected from new contracts with major customers
 - Amcor contract recently renewed, effective from 1 January 2010
 - Owens-Illinois contract expected to be renewed effective from 1 January 2010
 - CSR contract expected to be renewed effective from 1 July 2010
 - In aggregate, these 3 contracts represent over 50% of current soda ash sales volume
- **Strong demand**
 - Expand sodium bicarbonate sales in fast-growing premium export markets
 - Continued growth in civil and construction markets for aggregates and schist
 - Potential large scale sales of schist to major landfill developments
- **Reduced operating costs**
 - Continuation of efficiency improvements as a result of investment in the Way Forward Plan



Key contracts

- **Amcor contract successfully renegotiated**
 - Major Chemicals and Quarry customer
 - Previous contract expired in December 2012
 - New contract extended to end December 2014 to generate returns above benchmark rate of 15% RONA
 - Multimillion dollar soda ash contract expanded to include limestone
- **Owens-Illinois contract subject to renegotiation**
 - Major soda ash supply contract due to expire on 31 December 2009
 - Constructive discussions currently underway on renewal with both parties targeting major terms to be agreed prior to expiry of current contracts
- **CSR Viridian contract**
 - Major chemicals customer under supply contract expiring June 2010
 - Current pricing delivers benchmark return
- **Northern Express Way Project**
 - Two year, 700,000 t civil material supply of primarily aggregate to be completed by Q4FY10

Way Forward Plan

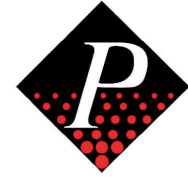


- ✓ Investment in *Way Forward Plan* completed a year ahead of schedule
- ✓ *Way Forward Plan* initiatives added A\$5m to EBITDA in FY09

Business	Strategic Milestone	Objective	Benefit	Completed
QUARRY & MINERAL	1. Capitalise on increased demand	20% growth pa	A\$6m increased sales and A\$3m EBITDA in civil segment	✓
CHEMICALS Soda ash	2. Improved plant performance	Increased output to 285k tpa	\$2m increased EBITDA in FY09	✓
CHEMICALS Sodium bicarbonate	3. Capitalise on increased demand	Increased capacity to 100k tpa	A\$13m pa increased sales and A\$4m pa EBITDA expected by FY11	✓

...investment under Way Forward Plan completed
...benefits of Way Forward Plan already being realised

Expansion of sodium bicarbonate



Opportunity

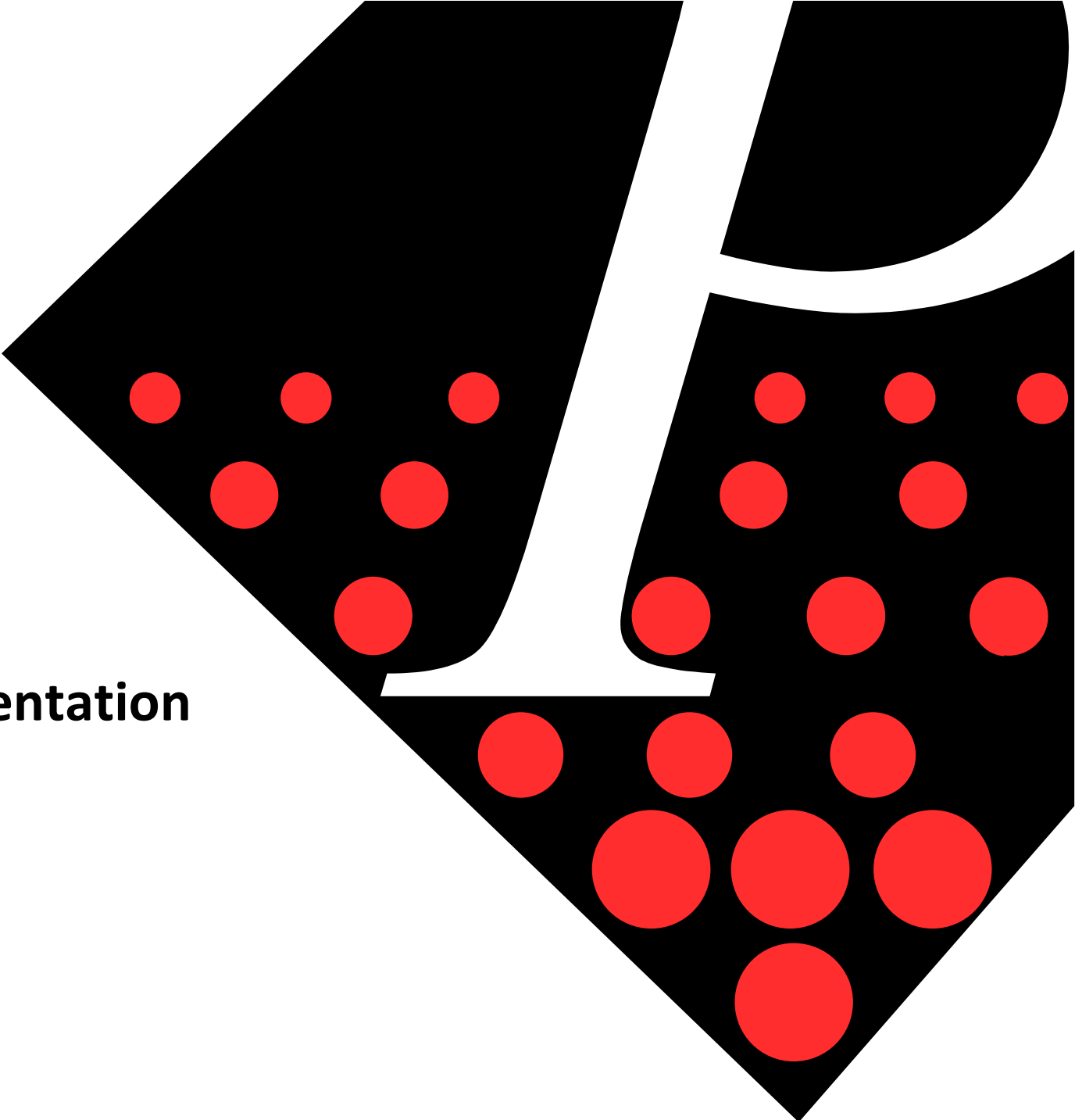
- Detailed evaluation of expansion of the sodium bicarbonate plant from 100,000 tpa to 125,000 tpa being undertaken
- Up to \$8m of capital raising earmarked for expansion
- Sodium bicarbonate sales have grown over the last 10 years from approximately 22,000 tpa to 83,000 tpa in FY09
- Current strong demand supports further expansion
- Project has in principle Board support for final consideration at end of March FY10 after detailed feasibility including assessment of product demand

Investment returns

- Sodium bicarbonate has historically generated higher margins than soda ash
- Additional volumes expected to be sold into premium export markets, in particular, Asia, Africa and Europe
- Projected returns forecast to be above benchmark rate

...future growth through expanded capacity

**Investor Presentation
Strategy**



Strategy



Chemicals – soda ash – defend & extend pre-eminent domestic market franchise

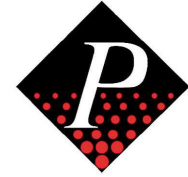
- soda ash demand flat in FY10 but forecast to grow in glass and mining segments
- major legacy soda ash contract to be repriced in FY10

Chemicals – sodium bicarbonate – expand in fast-growing premium export markets

- expect to sell out expanded sodium bicarbonate capacity of 100,000 tpa by FY11
- Further expansion to 125,000 tpa is being evaluated



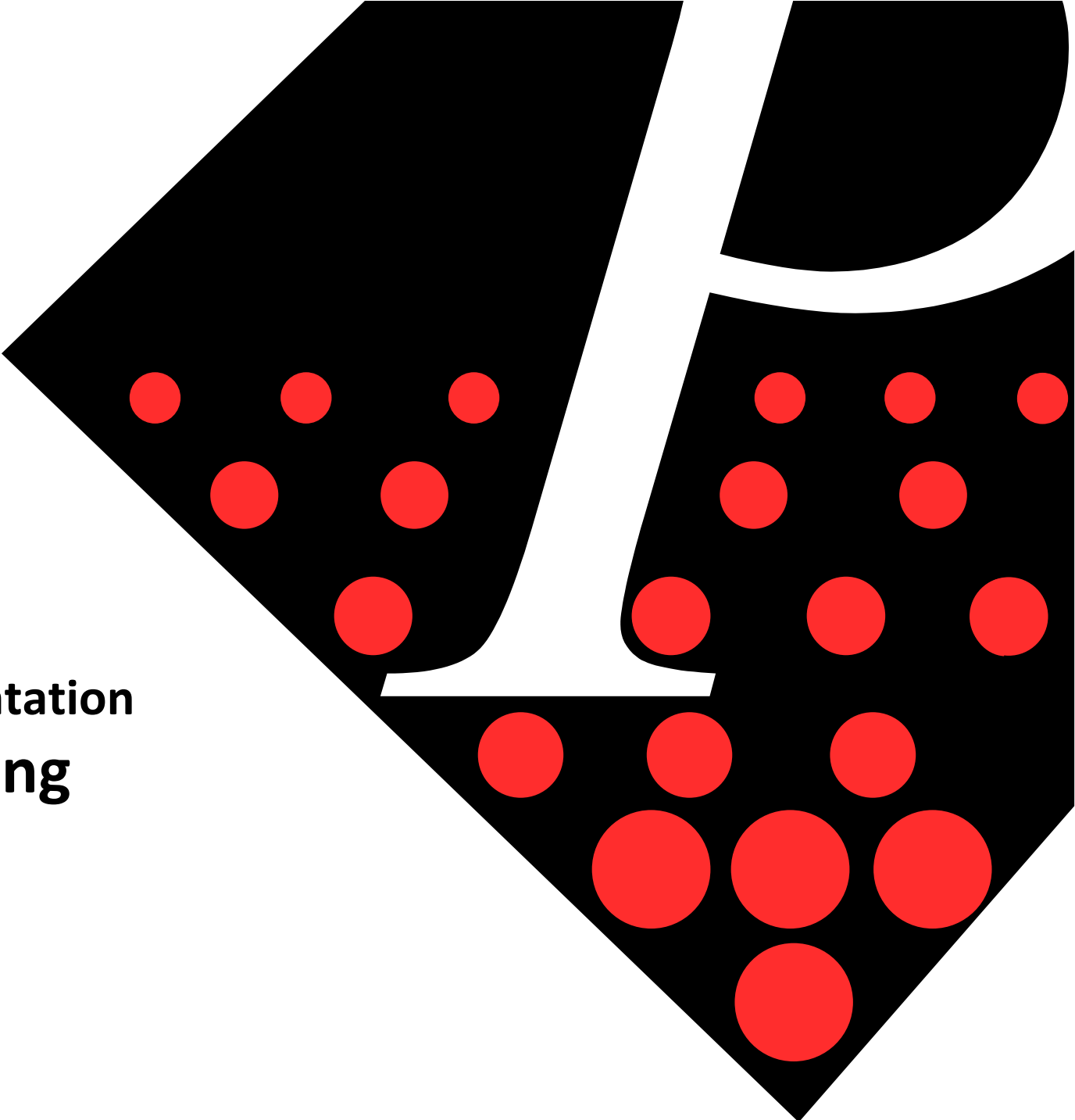
Strategy



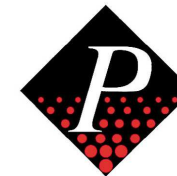
Quarry & minerals – expand business with three income streams being lime products, aggregate & schist

- Expected sales of aggregates and schist to reduce inventory over 5 years
- Current returns exceed benchmark rate with future growth capex to be considered
- Extraction of aggregates and schist to reduce substantially in FY10 and beyond with resultant lower production cash costs and reduced inventory build
- Major opportunity to supply South Australian infrastructure projects such as Northern Connector and Ridley Salt Field development with
 - Aggregate for road base
 - Schist for landfill in low lying areas north of Adelaide designed as growth corridors. Penrice is the only quarry able to transport materials to these sites by rail and has the strategic advantage of being located north of Adelaide close to the growth corridor areas

Investor Presentation
Capital raising
summary



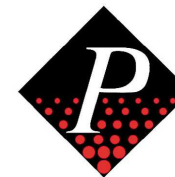
Capital raising Summary



- The offer consists of an institutional placement and a non-renouncable pro-rata entitlement offer
- Offer to raise up to \$28.1m
 - Approximately \$6.8m placement to institutions and sophisticated investors at \$0.85
 - Fully underwritten 1 for 2 non-renouncable pro rata entitlement offer to raise approximately \$21.3m at \$0.70
- Placement issue price of \$0.85 represents
 - 22.4% discount to Penrice's last closing price
 - 23.6% discount to the 5-day VWAP
 - 15.1% blended price discount to TERP
- Entitlement offer issue price of \$0.70 represents
 - 36.1% discount to Penrice's last closing price
 - 37.1% discount to the 5-day VWAP
 - 25.7% discount to TERP
- Placement shares participate in entitlement offer
- Shareholders will have the ability to apply for "top-up" shares under the entitlement offer

Notes:

1. Discounts based on closing price of \$1.10 as at 23 Oct 09



Use of funds

- Funds raised will be used initially to reduce debt, fund further expansion of the sodium bicarbonate plant (following board approval) and provide working capital
- Reduced gearing levels, strengthens balance sheet and reduced interest costs
 - Pro-forma net debt initially reduced by \$26.1m from \$86.6M¹ to \$60.5m
 - Pro-forma gearing (net debt / net debt + equity) reduced from 58% to 41%²
 - Net Debt / EBITDA reduced from 3.2x to 2.2x³
- Up to \$8m to facilitate expansion of the sodium bicarbonate plant to 125,000 tpa
 - Increase sodium bicarbonate sales with improved margins and profitability
 - Projected returns forecast to be well above benchmark rate
- Provides additional working capital
- Penrice currently complies with all debt covenants

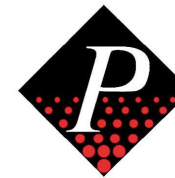
Notes:

1. Net debt as at 30 June 2009

2. Based on book value of equity as at 30 June 2009

3. Based on FY09 underlying EBITDA of \$27m

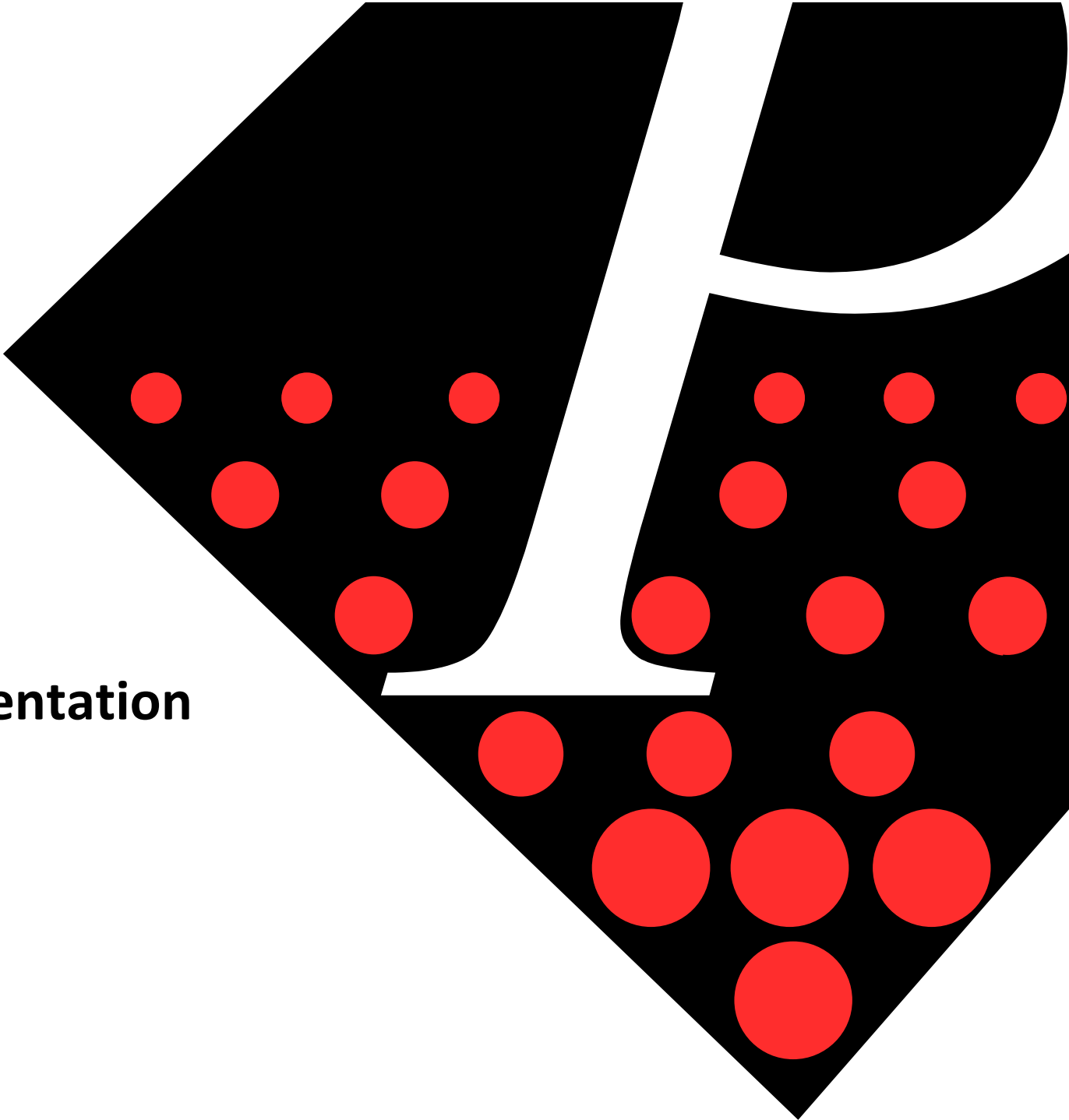
Capital raising proposed timetable

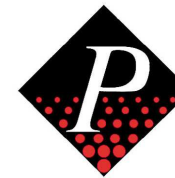


Trading halt commences	Monday, 26 October 2009
Announcement of capital raising and trading halt lifted	Tuesday, 27 October 2009
Settlement of institutional placement	Friday, 30 October 2009
Record date for determining entitlement to subscribe for new shares	Thursday, 5 November 2009
Rights issue opens	Monday, 9 November 2009
Rights issue closes – last day for receipt of applications	Friday, 27 November 2009
Allotment of new shares under the rights issue	Monday, 7 December 2009
Normal trading of new shares under the rights issues expected to commence on the ASX	Tuesday, 8 December 2009

Note: all times and dates are subject to change

**Investor Presentation
Outlook**





Outlook

Quarry & Mining

- Reduced overburden extraction rates reduces cash mining costs
- Continued strong sales into buoyant road projects
- Targeting landfill projects

Chemicals

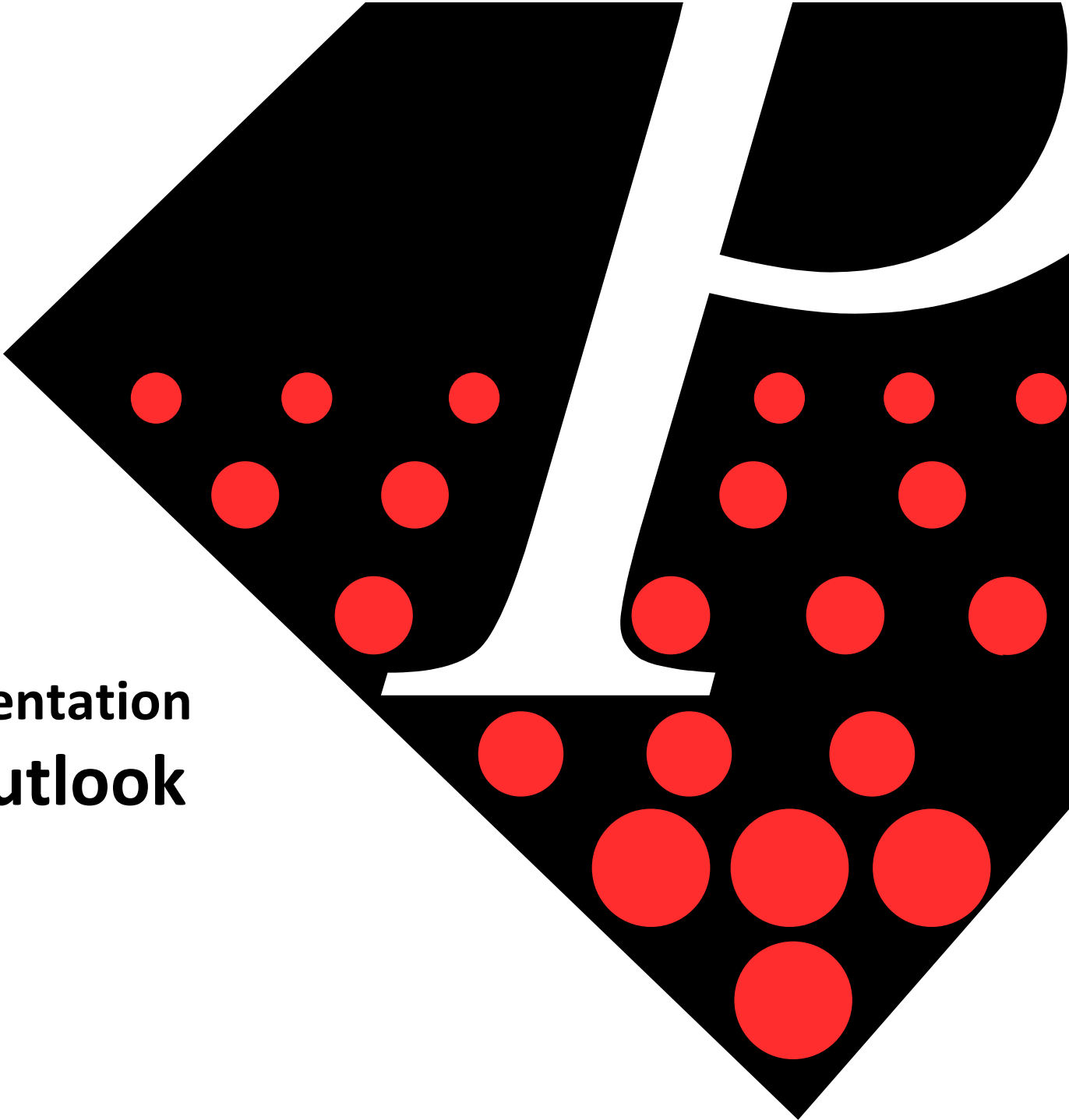
- Soda ash
 - Steady sales in domestic market relative to other regions
- Sodium bicarbonate
 - Increased sales, selling out expansion volume into growing demand
 - Full financial benefit of 100,000 tpa expansion realised by FY11

Corporate

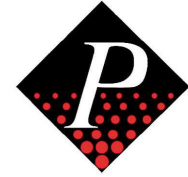
- Focus on cash generation and debt reduction
- Focus on strengthening balance sheet
- Subject to global economic conditions, increased sales and better margins lead to underlying profit for FY10 exceeding pcp
- Dividend payment expected to resume for FY10, in line with improved performance and after successful capital raising

...profitable, long-term, organic growth

Investor Presentation
Industry outlook



Soda ash industry



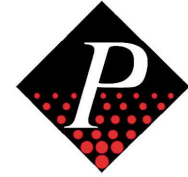
- **Demand**

- Global demand for soda ash is estimated at circa 50m tpa with a traded market of circa 10m tpa. The US accounts for half the traded market
- The global price of soda ash has approximately doubled in the last 10 years
- Global demand and prices negatively affected by global financial crisis (GFC) but now stabilised
- Market commentators forecast global demand and prices to grow steadily with expected long term GDP plus growth from the glass industry
- Expected long term growth in Australia from the glass and mineral processing segments may create demand in excess of GDP type rates
- Glass industry comprises majority of soda ash volumes consumed in Australia
- Australian glass industry is largely for the food and beverage packaging, and therefore demand has been resilient during recent global financial crisis

- **Penrice market share**

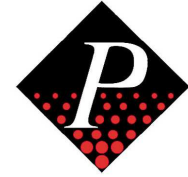
- Only producer of soda ash in Australia and largest plant in SE Asia
- Approx. 95% of Penrice's soda ash volume is sold in the Australian market where demand has historically grown in line with GDP
- Accounts for over 80% of supply in the Australian soda ash market

Soda ash industry



- **Pricing characteristics**
 - Soda ash is a globally traded commodity chemical and prices in a region tend to be set by the delivered cost of the lowest cost producers – import parity price
 - Penrice’s cost of production, including favourable raw materials, are below import parity
- **Opportunity for growth of Penrice market share**
 - Coal seam gas waste water salts extraction opportunities in Australia
 - Future uranium processing opportunities in Australia
 - Pilot plant being constructed in Queensland in joint venture with coal seam gas company to extract coal seam gas waste water carbonate salts (including soda ash) with no current cost obligations

Sodium bicarbonate industry



- **Demand**

- Global demand for sodium bicarbonate is estimated between 4 to 5m tpa and limited global trade
- Global demand softened and some limited price pressure from the GFC
- Strong demand in pharmaceutical, medical, food and industrial segments to stimulate continued growth in premium export markets including Asia, Africa and Western Europe
- In Australia food, animal feed, water and pool treatment markets grow in line with GDP

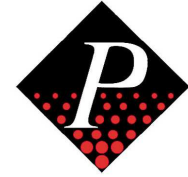
- **Penrice market share**

- Only producer of sodium bicarbonate in Australia, top five producer of sodium bicarbonate globally
- Approximately 70% of Penrice sodium bicarbonate is exported into fast growing export markets
- Significant producer and distributor of sodium bicarbonate in international markets, exporting to 28 countries

- **Opportunity for growth of Penrice market share**

- Proposed expansion of the sodium bicarbonate plant from 100,000 to 125,000 tpa increases sodium bicarbonate sales with improved margins and profitability
- Demand expected from export markets
- Uranium mineral processing is also targeted as a growth market

Quarry & Minerals



- **Demand**
 - Limestone supply to Chemicals business
 - Contracted volumes to major customer Adelaide Brighton Cement
 - Expand sales of aggregates and schist into civil and construction markets as demand for roads, buildings and other infrastructure in northern Adelaide increases
- **Penrice market share**
 - Owns the largest chemical-grade limestone deposit in Australia
 - One of few suppliers with capacity to deliver significant volumes of civil and landfill material
 - Rail access to key locations
- **Inventory**
 - Extraction rate will reduce substantially in FY10 and beyond in line with mine plan
 - Cash cost of inventory build to fall from A\$12m to A\$3m in FY10
 - Expected sales of aggregates combined with reduced extraction will reduce inventory over the next 5 years
 - Expected sales of schist combined with reduced extraction will reduce inventory over time
 - Several potential landfill projects currently in planning could result in demand in excess of 50m t of civil and landfill materials in northern Adelaide

Appendix – risks



- Penrice’s business is subject to both specific risks to its business and risks of a general nature. Individually, or taken in combination, these may affect Penrice’s future operating and financial performance
- Some of these risks may be mitigated by the use of the Company’s risk management processes which the Company has in place for this purpose and actively manages
- The following describes some, not all, of the risks associated with an investment in Penrice
 - External factors:
 - General equity market risk – general economic and other factors affecting equity markets
 - Market demand – changes in global and regional demand for chemicals and locally in South Australia for civil materials
 - Competition – actions of actual or potential competition
 - Key customers – loss of key customers or changes in demand
 - Key suppliers – failure to supply which impacts operations
 - Licences – required to conduct operations and sales
 - Currency – AUD translation of USD denominated export sales



Appendix – risks

- Internal factors:
 - Occupational health & safety – maintaining a safe workplace
 - Key personnel – reliance on the Managing Director & CEO and the executive team
 - Plant failure – breakdown and / or insufficient capital to repair
 - Environment – uncontrolled adverse environmental event
 - Industrial relations – unplanned actions restricting or stopping operations