



Penrice Soda Holdings Limited

A.C.N 109 193 419

A.B.N. 83 109 193 419

18 November 2009

Dear Fellow Shareholder

Chairman's letter

I am writing to introduce myself to shareholders following my appointment as Penrice's Chairman at the Company's Annual General Meeting on 29 October 2009.

As you would be aware, John Heard retired as Chairman and board member at the AGM, having successfully led the Company since its public float in 2005. I wish to place on record the Board's appreciation for the contribution that John made over many years of service to Penrice. John's knowledge, enthusiasm and diligence have been invaluable, and his contribution will be missed.

I am both honoured and delighted that my board colleagues have entrusted me with the responsibility of leading the Company through its next period of development. I believe that Penrice has come through the recent economic difficulties in good shape. Despite the challenges of a rising Australian dollar and the funding requirements of the Company's reinvestment plan, demand for our products is robust and I believe Penrice is well positioned to build on its excellent track record for delivering high quality products to a wide range of customers in Australia and overseas.

Capital raising

The recently announced fully underwritten capital raising of \$28.1 million is a significant milestone in positioning the Company to achieve its objectives. The capital raising consists of:

- a placement of ordinary shares at A\$0.85 per Share to institutional and sophisticated investors which raised approximately A\$6.8 million and was completed on 27 October 2009, and
- a non-renounceable Entitlement Offer of 1 new share at A\$0.70 per new share for every 2 shares held as at 5 November 2009 to raise approximately A\$21.3 million.

The proceeds of the capital raising will be used to reduce debt and restore gearing to more appropriate levels, provide working capital and (subject to final board sanction) fund a further expansion of the sodium bicarbonate plant. The raising will also enable management to focus more fully on business fundamentals as we seek opportunities for further cost efficiencies and productivity, improved safety, enhanced environmental performance, greater returns from our sales contracts and new customers and markets. I have great confidence in our management team, led by our Managing Director and CEO, Guy Roberts.


I wish to reiterate the board's strong support for the Entitlement Offer. All directors will be taking up their full allocation of shares and, in my own case, I recently purchased an additional parcel of shares on market.

Full details of the Entitlement Offer and the key risks of investing in the Company are described in the Offer Booklet which was sent to you on 9 November and is also available on the company's website (www.penrice.com.au). I encourage you to read it in its entirety before making your investment decision.

The offer closes at 5.00pm (AEST) on Friday 27 November. Shareholders may also apply for Additional Shares in excess of their Entitlement. If you are intending to accept the Entitlement Offer and apply for Additional Shares, please ensure that your completed Entitlement and Acceptance Form and payment is received by the share registry, Link Market Services, by no later than that time. Queries should be directed to Link at 1300 554 474.

I look forward to communicating with shareholders on a regular basis to update you on developments at Penrice. My Board and management colleagues appreciate the loyalty that our shareholder base has shown during a period that at times has been testing. We now look forward to recognising that loyalty by delivering improved performance.

Yours sincerely

A handwritten signature in black ink, reading "David Trebeck". The signature is fluid and cursive, with a small horizontal line under the name.

David Trebeck
Non-Executive Chairman