
NEWS

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Media Release

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PENRICE FIRST SODA ASH SHIPMENT UNDER WAY TO WA's WINDIMURRA VANADIUM PROJECT

Shipments of soda ash to the Windimurra Vanadium project in Western Australia commenced today from Penrice Soda Holdings Limited's South Australian plant.

Penrice (ASX: "PSH") said the first 5000 tonnes shipment of soda ash was on its way by ship from Port Adelaide to Geraldton under the company's long-term supply contract with the vanadium project's owner, Windimurra Vanadium Limited (WVL).

The Windimurra contract is one of Penrice's biggest soda ash supply contracts to the mining industry to date and builds on the Company's increasing presence in the Australian resources sector.

The contract sees Penrice - Australia's sole manufacturer of soda ash - supplying the Windimurra project with soda ash as a key component in the process of extracting vanadium from its main host source, magnetite ore.

The initial contract is for five years, with Penrice and Windimurra Vanadium each having the option to extend the soda ash supply contract for an additional five years.

Penrice's Managing Director & Chief Executive Officer, Mr Guy Roberts, said today the contract, on a full-year basis, would generate additional revenue of around \$10 million per year for the Company.

"That means potentially a \$100 million contract for the Company if both Windimurra Vanadium and Penrice agree for the supply contract to run for the full 10-year term," he 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."

"It is pleasing to be associated with such a robust project at a time when the mining industry is facing so many challenges and many other metals and commodities are problematic."

issued through

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"The Company has previously advised it expects improved second-half earnings from stronger trading to recover an anticipated first-half loss, which results from the adverse impact of accounting "mark to market" adjustments arising from the impact of the declining Australian dollar and interest rates on its hedging. This new contract is an important element of the stronger second-half trading and improved second-half Company earnings."

More new contract discussions

Mr Andrew Kuhndt, Penrice's General Manager Chemical Sales, said the Windimurra supply contract represented another very successful diversification for Penrice away from its reliance on traditional soda ash sales to the glass industry.

"Penrice – which is also already supplying soda ash to other Australian mining projects and to the huge Goro nickel mine in New Caledonia - looks forward to further success in the resources sector," Mr Kuhndt said.

"Importantly, there is continuing strong demand from domestic and international markets and we are already in discussions with additional resources industry clients for the supply of our two main products - soda ash and sodium bicarbonate," he said.

"While our soda ash contracts with Australia's major glass manufacturers remain the backbone of our annual revenue source, the Windimurra project is now one of our top five annual sales contracts."

"Long term business partner" – WVL

Windimurra Vanadium's General Manager-Operations, Mr David English, said the Company was very pleased to have Penrice as a supplier of soda ash.

"Our company selected Penrice as a long term business partner to supply quality soda ash, based on its continued support and flexibility in responding to our business needs," Mr English said.

"Windimurra Vanadium looks forward to a successful business relationship with Penrice".

Coastal shipping best supply option

Penrice's General Manager Supply Chain, Mr Andrew Cannon, said the Company had worked closely with Windimurra Vanadium and its WA` logistic partners to establish this new supply chain.

"Given the volumes of soda ash and the distances involved, we have agreed that coastal bulk shipping through the port of Geraldton is an important component of this cost-effective supply chain," Mr Cannon said.

The Windimurra Vanadium Mine, located 600km north east of Perth, is based on one of the largest proven vanadium reserves in the world and is one of the world's lowest cost vanadium producers.

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