RIDLEY

Termination of salt supply agreement

Melbourne, Australia 28 June 2013: Ridley Corporation Limited (**Ridley**) (**ASX: RIC**)

Ridley today announces that formal agreement (**Agreement**) has been reached, subject to approval from the financiers of Penrice, with regard to compensation payable to Ridley by Penrice in consideration for the early termination by Penrice of the long term take or pay contract to supply brine from the Ridley salt field at Dry Creek, South Australia to Penrice's soda ash plant at Osborne, South Australia. This follows Penrice's recent announcement that it will cease production of soda ash at that plant, and as such no longer require brine from Ridley from the end of June 2013.

This Agreement takes effect on 1 July 2013. Under the Agreement, for a period of ten years commencing on 1 July 2013, Ridley will receive an annual benefit of at least $500,000 through a combination of commercial arrangements.

In addition to the annual benefit, Penrice has granted Ridley an option over 4.5 million tonnes of landfill product at the Penrice Angaston mine in South Australia which can be used by Ridley in the redevelopment of its Dry Creek site (if that use proves to be a cost effective land fill solution). Ridley and Penrice have further agreed to equally share the gross profits from any sales of landfill product from the Angaston mine to major construction projects in excess of 100,000 tpa during the 10 year term of the Agreement. Ridley can exercise its option over the 4.5 million tonnes of landfill at any time during a 10 year period and at zero cost, although Ridley shall be responsible for the transport cost and pay Penrice an agreed arm’s length rate per tonne for truck or rail loading at the Angaston site.

In order for Ridley shareholders to participate in any value upside following Penrice’s business reconstruction, Penrice has issued Ridley an option, exercisable over a five year period, to be issued 16,122,621 ordinary shares in Penrice, representing 15% of the current issued capital in Penrice. Appropriate reorganisation and anti-dilution principles have been included as part of the terms of the option to adjust for Penrice capital structure changes before the exercise of the option. The exercise price shall be 7 cents per share, being approximately 100% of the Volume Weighted Average Price (**VWAP**) of Penrice shares for the ten business days leading up to and including 27 June 2013.

Both Ridley and Penrice have worked together in extenuating circumstances to deliver a fair and reasonable solution to the shareholders of each entity. This arrangement gives Penrice every chance of becoming a long term sustainable operation under its new joint venture arrangements and also delivers value to Ridley shareholders that would otherwise be lost in the event Penrice could not continue as a going concern.

Consistent with the Ridley market releases on 22 March 2013 and 21 May 2013, the early termination of the salt supply agreement renders much of the plant and equipment at the Dry Creek site redundant. Throughout the last three months, management has endeavoured to redeploy surplus assets or realise as much value as possible from sales thereof. A non-cash write off of $3.9 million has been approved to write down the plant and equipment assets at 30 June 2013 to their recoverable amount.

After exploring all export sales avenues open to Ridley not otherwise closed under the Cheetham Salt divestment agreement, the sale of 180,000 tonnes of salt at Dry Creek has been contractually confirmed. Due to high transportation costs and the need to wash the Dry Creek salt prior to sale, the net realisable value of this salt is limited to an estimated $3 per tonne. Except for this saleable tonnage, the remaining inventory at 30 June 2013 will be written down to zero, thereby generating a non-cash write down in the vicinity of $10.5 million.

Ridley CEO Mr Tim Hart commented “Whilst it is very disappointing for the salt supply agreement to be brought to a premature end in unfortunate circumstances, we believe we have achieved a positive and realistic outcome for our shareholders that will generate cash returns over the next decade. The asset write downs are an inevitable consequence of the cessation of salt operations at Dry Creek and are non-cash in nature.”

For further information please contact:

Tim Hart

Chief Executive Officer

Ridley Corporation Limited

+61 (03) 8624 6519