

Termination of salt supply agreement

Melbourne and Adelaide, Australia 27 June 2013: Ridley Corporation Limited (**Ridley**) (**ASX: RIC**) and Penrice Soda Holdings Limited (**Penrice**) (**ASX: PSH**)

Ridley and Penrice today announce that formal agreement (**Agreement**) has been reached with regard to the early termination by Penrice of the long term take or pay contract for salt supply from the Ridley salt field at Dry Creek, South Australia to Penrice's soda ash plant at Osborne, South Australia. The take or pay contract had six years to run and was due to expire in 2019. This follows Penrice's recent announcement that it will cease production of soda ash at that plant, and as such no longer requires salt 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 between the companies.

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 it proves to be a cost effective land fill solution). 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 will be responsible for the transport cost and pay Penrice an agreed commercial fee for truck or rail loading at the Angaston site. The landfill will be sourced from the 9 million tonnes of existing overburden already extracted from the mine and the operations and value of the Penrice Angaston mine will be enhanced through any Ridley draw down of land fill under this option. Penrice has secured first refusal to supply additional landfill and other civil products for any redevelopment of Ridley's Dry Creek site.

In order for Ridley shareholders to participate in the Penrice upside following its business reconstruction, Penrice has granted Ridley an option, exercisable within the next five years, to be issued with 15% of the current issued capital in Penrice at a strike price of 7 cents per share.

These arrangements have received in principle support from Penrice's banking syndicate but are subject to final bank sign off following credit review.

Both Ridley and Penrice have worked constructively in extenuating circumstances to deliver a fair and reasonable solution to the shareholders of each company. The arrangements enhance Penrice's ability to maintain a long term sustainable operation under its new soda ash joint venture, and deliver value to Ridley shareholders that would otherwise be lost in the event Penrice's operations could not continue.

Further details of the impact of the arrangements on the respective companies are set out in separate ASX announcements.

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