

MEDIA RELEASE**Administrators announce closure of Penrice chemical plant**

Adelaide, 24 June 2014 – Administrators of Penrice Soda Holdings Ltd, McGrathNicol, announced today that following the withdrawal of the preferred bidder from the sale process, Penrice's Osborne chemical plant will cease operations effective immediately.

While a small number of staff will be retained to manage the safe decommissioning of the plant, the bulk of the plant's 95 employees have been made redundant.

Reasons cited by the Administrators for the withdrawal of the potential bidder include uncertainty around the future profitability of the plant, the expenditure required to achieve profitability and legacy environmental issues associated with the Osborne site.

McGrathNicol Partner, Sam Davies, said the decision was regrettable and came only after every avenue to achieve a sale and transfer of the business as a going concern had been exhausted.

"Unfortunately the barriers to a sale to of the Osborne plant proved too high for the preferred bidder," Mr Davies said.

"While we were engaged in ongoing discussions with several parties, ongoing trading losses meant that the preferred bidder represented the only credible option to achieve a going-concern sale," he said.

"We are now seeking alternative strategies to realise residual value from the plant."

Mr Davies said Administrators had received final offers for Penrice's limestone quarry in Angaston and would continue negotiations with bidders for that asset over the coming days.

"Our preference is to conclude a sale contract that includes the retention of employment at the quarry and we will be doing everything possible to achieve that outcome."

The Angaston quarry will continue operations during the intervening period.

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About McGrathNicol

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