



Zirax PLC  
21 June 2006  
Contract with Solvay

### **Zirax contract with Solvay expands calcium chloride pellet capacity by 60 %**

Zirax plc ("Zirax"), the specialty chemical company, is pleased to announce an agreement with Solvay SA ("Solvay"), the international chemical and pharmaceutical group, which will increase Zirax's supplies of calcium chloride pellets ("CaCl<sub>2</sub>") by a further 60% in addition to its recently announced 30% expansion of Zirax's Russian facility. Under this agreement, Solvay will develop a new plant to produce CaCl<sub>2</sub> pellets at its Rosignano facility in Italy. Two-thirds of all production will be acquired by Zirax which will enable Zirax to meet the growing demand from nearby African and Middle Eastern markets for calcium chloride pellets.

Benefits to Zirax:

- A long-term purchase agreement will expand Zirax's annual CaCl<sub>2</sub> sales capacity from 88,000 tonnes per annum to 140,000 tonnes by Q4 of 2007.
- Zirax will make a payment of €4 million to Solvay, which will be offset against the price of Solvay's sales to Zirax from the plant over the next 5 years. This will be funded from the company's existing cash reserves.
- Ability to meet growing demand from the oilfield service markets of North and West Africa and the Middle East - proximity to these markets will allow Zirax to service them more economically, providing delivery on a more timely and cost effective basis.
- It is estimated that sales of product sourced from the Rosignano facility will account for approximately 30% of Zirax's overall annual sales.

Construction will commence in July 2006, with the plant owned and operated by Solvay. Initial production from the Rosignano CaCl<sub>2</sub> pellet plant is expected to start in November 2007 with an annual capacity of 80,000 tonnes per annum.

The Rosignano production process will be based on technology owned by Zirax and used at the existing Zirax plant in Russia, for which a technology license agreement has been signed with Solvay. This new production line will allow Solvay to broaden its present CaCl<sub>2</sub> product portfolio and to consolidate its production capacity in Rosignano.

Commenting on this announcement, Valery Andosov, Chief Executive of Zirax, said:

"This partnership is a major step in our development. It will significantly increase our sales capacity and delivers us a major supply facility at the heart of the European Union.

This comes in addition to our recently announced 30% increase in production capacity at our Russian facility, so taken together we are doubling existing capacity. We have known and worked with Solvay for a considerable length of time and are delighted that we are now entering this venture with them. We look forward to a mutually beneficial relationship.”

Commenting on this announcement, Jean Paul Detournay, managing director of Solvay’s Soda Ash business said:

“This new unit will make Rosignano one of the world’s largest solid CaCl<sub>2</sub> production sites. CaCl<sub>2</sub> in pellets will be a useful addition to our product range and will help to better meet the needs of our customers. We’re happy to have developed this long-term cooperation with Zirax, who have proven to be a professional company, strongly dedicated to the CaCl<sub>2</sub> business.”

#### *About Zirax*

Zirax is a specialty chemical company manufacturing and supplying oilfield process chemicals and de-icing solutions to a global customer base. Zirax is quoted on the AIM market of the London Stock Exchange (ticker: ZRX), is headquartered in London and has a manufacturing facility in Volgograd, Southern Russia. More information is available at [www.zirax.com](http://www.zirax.com).

#### *About Solvay*

SOLVAY is an international chemical and pharmaceutical Group with headquarters in Brussels. It employs some 30,000 people in 50 countries. In 2005 its consolidated sales amounted to EUR 8.6 billion generated by its three activity sectors: Chemicals, Plastics and Pharmaceuticals. Solvay is listed on the Euronext 100 index of top European companies. Details are available at [www.solvay.com](http://www.solvay.com).

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