Media Release

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Refinery's Te Mahi Hou project goes live

Refining NZ, the owner and operator of New Zealand's only refinery at Marsden Point, has successfully started the refinery's CCR (Continuous Catalyst Regeneration) unit as part of the $365 million Te Mahi Hou project.

Te Mahi Hou is producing "on-specification" petrol three weeks earlier than originally scheduled. As a consequence the 50 year old platformer (petrol manufacturing) unit it replaces has been shut down. Describing Te Mahi Hou as a major investment in critical energy infrastructure, Chief Executive, Sjoerd Post, added that production of "on-spec" fuel was a significant moment.

"This is a major milestone for Te Mahi Hou, and follows four years of hard work - designing, planning, scheduling and construction – all of which has contributed greatly to Northland as well as the New Zealand economy. There is still more to do in the coming weeks to bed the project into the refinery but for now, everyone involved can be justifiably proud of getting Te Mahi Hou to this major milestone," he said.

Te Mahi Hou Project Director, David Cunningham put the successful early start down to a focused, highly professional project team.

"We've used our own major project know-how from recent expansions to co-ordinate engineering design across three locations, secure critical components and bulk materials from across the globe and "package" them at Marsden Point with the help of a network of contracting companies."

"By concentrating on getting the details right we've had a world-class delivery at every milestone over the past four years. Our sole focus in the coming weeks is to get Te Mahi Hou safely integrated into the refinery", he said.

Te Mahi Hou is expected to have multiple benefits for the Company, shareholders and New Zealand:

- Lift petrol production by two million barrels to around 13 million barrels per annum. This will increase the refinery's share of the country's petrol demand from around 55% to 65%;
- Reduce CO_2 emissions by around 120,000 tonnes a year through improving efficiency on the refinery's processing units;
- In the current, volatile low crude price environment, deliver an expected structural uplift in the Company's Gross Refinery Margin (GRM) of around USD 0.85-0.90 per barrel;
- Increase the refinery's operating cash flows by around $50-$55 million per annum.

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Said Post: “Te Mahi Hou is key to the growth of our refining business. When it’s bedded in Te Mahi Hou will be a valuable revenue generator that will help ensure we remain competitive with Asia Pacific refiners.”

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Notes to Editors:

- The Te Mahi Hou project was approved by Refining NZ shareholders at the Company’s AGM in April 2012. The project replaces an aging semi regen-platformer unit (petrol making unit) built in 1964, with a Continuous Catalytic Regeneration Platformer (CCR) unit.

- The CCR allows catalyst - which breaks hydrocarbons into the precursors to petroleum - to be constantly regenerated to ensure it remains effective. As a result, shutdown on the CCR unit is expected every six years, compared to the existing platformer which required a maintenance shutdown every 18 months.

- The major CCR components have been made internationally (Korea, Thailand, India, France, USA, Italy, Malaysia, and The Netherlands) with additional manufacture by New Zealand companies, predominantly in Northland. Engineering design has been co-ordinated between Los Angeles, Beijing, New Plymouth, Auckland and Whangarei.

- Construction on site has been carried out by New Zealand companies. At the peak of construction the project employed around 440 people, drawn predominantly from Northland. Of the $365 million invested in the project around $128 million has been spent in the Northland region.

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