



**REFINING NZ**  
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## **NZX announcement**

**5 July 2021**

### **RELEASE OF SHAREHOLDER MATERIALS FOR VOTE ON IMPORT TERMINAL CONVERSION**

The New Zealand Refining Company Limited (“Refining NZ” or the “Company”) today announces the release of a Notice of Special Meeting, Explanatory Booklet and Independent Appraisal Report in connection with its proposal to convert Refining NZ’s Marsden Point site into a dedicated fuel import terminal and cease operations as a toll oil refinery (the “Proposal”). The announcement today is the culmination of the Strategic Review that the Company has been undertaking since April 2020, to determine the optimal business model and capital structure for its assets.

Under the Proposal, the Company would be renamed Channel Infrastructure NZ Limited, reflecting the Company’s ownership of highly strategic energy infrastructure assets. It would distribute fuels primarily to the large Auckland and Northland markets, including jet fuel supplied by customers to Auckland International Airport, under long term customer agreements.

As the Proposal involves a major transaction and a change in the nature of the business of Refining NZ, as well as related party transactions by entering into new agreements with customers, the Proposal requires the approval of Refining NZ shareholders to proceed. The shareholder materials released today contain details of the proposed conversion to import terminal operations and the new import terminal business.

Refining NZ’s Chairman, Simon Allen, said “The conversion to import terminal operations is expected to lead to significantly more stable earnings, superior “through the cycle” returns for shareholders and position the Company to actively participate in a decarbonising of the New Zealand energy market. A transition to import terminal operations is expected to enable the Company to recommence the regular payment of dividends to shareholders within one to two years after terminal operations begin.”

The Proposal follows an extensive Strategic Review process, which considered a range of alternative options for the refinery and import terminal operations and engagement with key stakeholders including customers and Government. Key factors considered by the Board have been the structural oversupply in the refining industry, exacerbated by the impact of COVID-19, leading to a significant fall in refining margins and expected lower margins for a number of years, scale and cost challenges to the competitiveness of the Marsden Point oil refinery and the strong preference of customers to move to an import terminal model.



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Simon Allen said “While not a significant change for most New Zealanders, a conversion to import terminal operations is a significant change for our operations, for everyone at our Marsden Point site and the Northland community. A key focus for us through transition and consultation with employees and unions will be to support our employees and their families and work closely with our community to help lessen the impacts of this change.”

“This change will benefit New Zealand through a significant reduction in carbon emissions, helping New Zealand to decarbonise and reduce demand for electricity and gas, which are in short supply in New Zealand today, while enabling the Company to support the future transition to greener fuels.”

**“The Independent Directors unanimously recommended this Proposal to shareholders and strongly encourage all shareholders to vote in favour of the Proposal.”**

The convening of the shareholder meeting to vote on the Proposal follows Refining NZ reaching agreement in principle with bp and Z Energy earlier this year on key commercial terms, including price. Negotiations with Mobil are ongoing on the basis of those terms.

The Proposal remains conditional on lender approvals (with credit approval now received for the extension and increase in Refining NZ’s facilities to fund the initial one-off costs of conversion, subject to documentation and satisfaction of conditions), entry into final agreements with customers, and a final investment decision by the Refining NZ Board, based on front end engineering and design (FEED) work by management. On current estimates, a final investment decision by the Refining NZ board in Q3 2021 would enable a conversion to occur by mid-2022.

### **Voting details**

The Proposal will only proceed if shareholders approve two resolutions relating to the Proposal. First, the major transaction and change of business resolution will require approval of 75% of the votes of all shareholders voting in respect of the resolution, and a second related party transaction resolution will require approval of a majority of the votes of non-customer shareholders voting in respect of the resolution.

An Independent Appraisal Report has been prepared by Grant Samuel. In Grant Samuel’s opinion maintaining the simplified refinery would be a sub-optimal outcome for Refining NZ and its shareholders. Grant Samuel believes the transition to an import terminal on the basis of the non-binding in-principle terms which have been agreed is fair to the non-customer shareholders of Refining NZ. The basis for the Independent Appraiser’s opinion, and the assumptions on which it is based, are set out in the Independent Appraisal Report included in the Explanatory Booklet, which accompanies the Notice of Meeting.



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A Special Meeting of Refining NZ shareholders will be held at 11.00am on 6 August 2021 at Eden Park, Auckland and online. Details of the virtual and physical meeting are included in the Notice of Meeting and information on how to attend online is included in the Virtual Meeting Guide (Meeting ID: 373-794-072) which accompanies the Notice of Meeting.

The Notice of Meeting, Explanatory Booklet including the Independent Appraisal Report and the Proxy/Voting Form, have today been released in electronic form and will be uploaded to the Refining NZ website. These materials will be sent to shareholders in the next few days. The easiest way for shareholders to vote is to complete the Proxy/Voting Form online at [www.investorvote.co.nz](http://www.investorvote.co.nz), or alternatively to return the form to Refining NZ's share registrar, Computershare.

Shareholders should read the Notice of Meeting and Explanatory Booklet carefully and in its entirety as it contains important information to consider. If shareholders have any questions in relation to the Explanatory Booklet or the Proposal, they are encouraged to call the Refining NZ Shareholder Information Line on 0800 991 101 (within New Zealand) or +64 9 488 8700 (outside of New Zealand) on Business Days between 9.00am and 7.30pm (NZ time) , or to consult their financial, taxation legal and/or other professional adviser.

### Key Dates

- Proxy voting closes: 11.00am on Wednesday 4 August 2021
- Special Meeting: 11.00am on Friday 6 August 2021

Attached to this announcement are copies of the Notice of Meeting, Explanatory Booklet (which includes the Independent Appraisal Report) and an Investor Presentation.

### Investor Call

Refining NZ will host a call for investors and analysts at 11:00am today, Monday 5 July 2021. Dial in instructions are below and also available on the Company website at: [www.refiningnz.com](http://www.refiningnz.com).

### AUDIO CONFERENCE DIAL IN DETAILS

**START TIME:** 11:00 am NZT Monday 5<sup>th</sup> July 2021

**CONFERENCE SPEAKERS:** Simon Allen (Chairman), Naomi James (CEO) and Denise Jensen (CFO)

**DURATION:** 60 minutes

**CONFERENCE ID:** 10014917



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Participants can either dial in via their local phone numbers below, **OR**, pre-register for the conference by navigating to

<https://s1.c-conf.com/diamondpass/10014917-k1uui.html>

**Please note that registered participants will receive their dial in number upon registration.** Pre-registration fields of information to be gathered: **Full Name & Company.**

### **PARTICIPANT DIAL IN DETAILS:**

|                       |                  |
|-----------------------|------------------|
| New Zealand Toll Free | 0800 453 055     |
| Auckland local        | 09 929 1687      |
| Christchurch          | 03 974 2632      |
| Wellington            | 04 974 7738      |
| Australia             | 1800 809 971     |
| Belgium               | 0800 72 111      |
| China                 | 4001 200 659     |
| France                | 0800 981 498     |
| Germany               | 0800 182 7617    |
| Hong Kong             | 800 966 806      |
| India                 | 0008 0010 08443  |
| Indonesia             | 001 803 019 3275 |
| Ireland               | 1800 948 625     |
| Italy                 | 800 793 500      |
| Japan                 | 005 3116 1281    |
| Malaysia              | 1800 816 294     |
| Norway                | 8006 9950        |
| Philippines           | 1800 1110 1462   |
| Singapore             | 800 101 2785     |
| South Africa          | 0800 999 976     |



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|-------------|-------------------|
| South Korea | 00798 14 206 3275 |
| Spain       | 900 823 322       |
| Sweden      | 020 791 959       |
| Switzerland | 0800 820 030      |
| Taiwan      | 0080 112 7397     |
| UAE         | 8000 3570 2705    |
| UK          | 0800 051 8245     |
| USA/Canada  | 1 855 881 1339    |

If you wish to ask a question, please press \*1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press \*2. If you are on a speaker phone, please pick up the handset to ask your question.

ENDS

Authorised by:  
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