



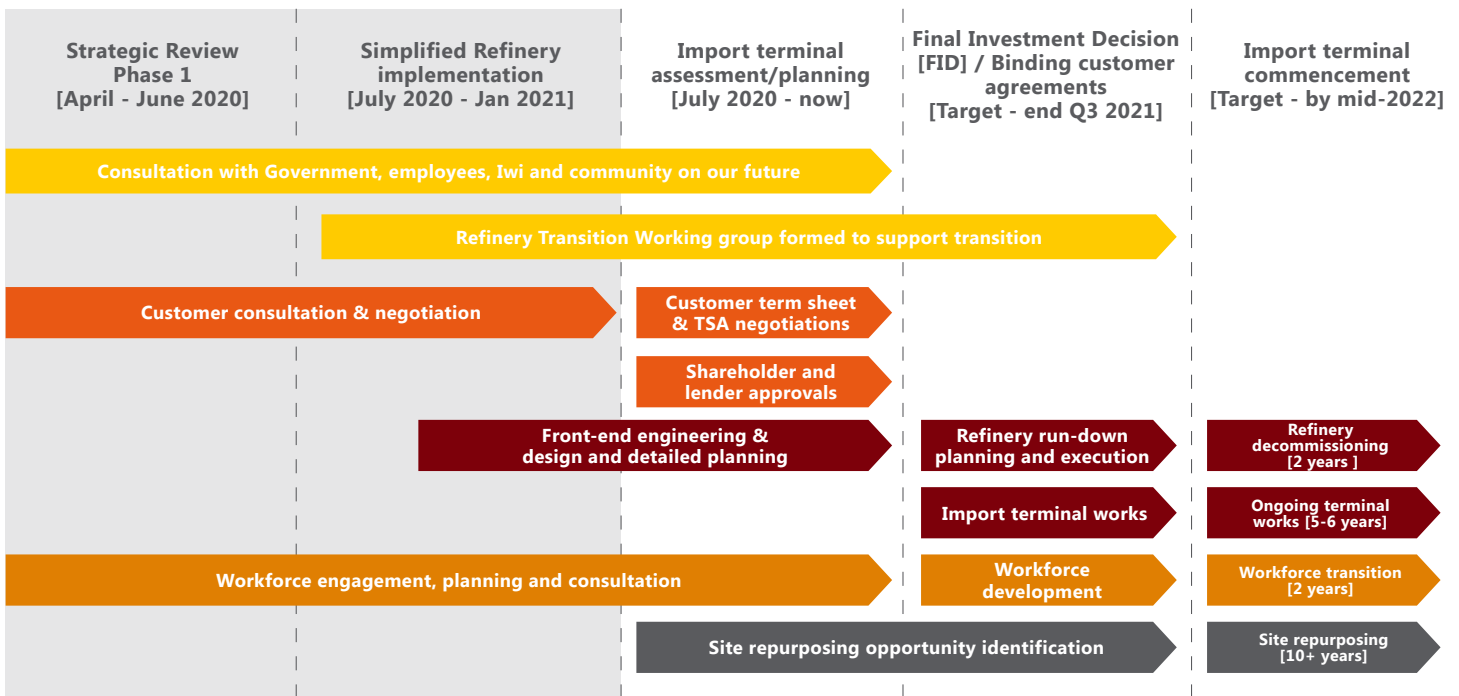
REFINING NZ
Your Energy Hive

WHAT IS CHANNEL INFRASTRUCTURE?

Channel Infrastructure will be New Zealand's leading independent fuel infrastructure company, based at Marsden Point, at the site of the current Refining NZ operations. Channel Infrastructure will utilise Refining NZ's highly strategic assets, including the Refinery to Auckland Pipeline [RAP], to receive, store, test and distribute

transport fuels imported by Refining NZ's customers, safely, reliably and efficiently primarily to the Northland and Auckland markets. And we have aspirations to grow and diversify what we do in the future, both at Marsden Point with the opportunities for repurposing and elsewhere in New Zealand where shared fuel infrastructure is required.

TIMELINE



How can I have my say on the future of the Marsden Point site?

If you'd like to share with us your views on future opportunities at Marsden Point, please email corporate@refiningnz.com

FREQUENTLY ASKED QUESTIONS

Why are you changing your operations?

Refining NZ has been the country's only oil refinery since it was established in 1961, in the past year, we have faced the most challenging circumstances in our company's history, including:

- > Historically low levels of refining margins, exacerbated by the impacts of COVID-19, with low margins forecast to continue for a number of years.
- > Structural challenges to the competitiveness of the refinery compared to newer Asian refineries, due to the relatively small scale and higher cost of operating in New Zealand, which includes significant increases in electricity and gas costs.
- > We are also necessarily conscious of the global movement towards, and New Zealand's focus on, reducing carbon emissions, with the emergence of new challenges and opportunities expected in the transition to low-carbon transport fuels over time.
- > The preference of our customers to move to an import terminal model.

What will the new business do?

Channel Infrastructure will see our business become an import terminal, where we essentially 'switch off' the part of our site which processes crude oil. We will utilise our two deep-water jetties to berth ships carrying refined transport fuel - including jet fuel, diesel, and petrol - imported by our customers. We will then store this in approximately 180-million litres of shared product tanks, before we distribute the fuel primarily to the Auckland market, via the 170km Refinery to Auckland pipeline, and Northland via the existing truck-loading facility at Marsden Point. There will be less ships coming into Marsden Point, as our operations will be sized to service the Auckland and Northland markets and coastal shipping to other parts of New Zealand will cease.

Why doesn't the business just shut entirely?

The refinery as it currently operates is not a sustainable business, and therefore the import terminal proposal is about ensuring that Refining NZ has a long-term, sustainable future at Marsden Point. We have a long-term commitment to operate at this site, and to remain a part of the Northland community.

Why isn't the Government stepping in to save the Refinery?

Throughout the Strategic Review process over the last 16-months, we have engaged with Government about future options for the site, both for the refinery operations we have today and the now planned transition to import terminal operations. We have not sought subsidies from taxpayers as we don't believe this is a long-term sustainable plan for the future, and none have been offered. Instead, we have had a resolute focus on what changes are needed to be a competitive, sustainable business today and over the long-term. We have also been exploring with Government and other stakeholders the opportunities for repurposing those parts of the Marsden Point site not required for import terminal operations, to generate jobs and economic activity in the Northland region.

What will this change mean for New Zealand's fuel security?

There will be little change. New Zealand relies on imported crude oil and already refined fuel imports for its fuel today and this will be replaced by wholly imported refined fuel product with the conversion.

The terminal will operate as an integrated part of the fuel supply chain in New Zealand, where the oil companies manage the level of stockholding in country and on the water, as they do today, to ensure there is adequate fuel supply for New Zealanders.

There will be a change in the level of oil stocks held in New Zealand as part of the transition as the crude oil and intermediate products we hold to operate the refinery will be drawn down and processed through the conversion process. We have been engaging with Government on this important topic throughout our Strategic Review process over the last 16-months, and stand ready to provide any additional storage that might be needed, using the tank capacity that exists at Marsden Point.

What will I see happen on site after the conversion?

You will see very little change immediately on our site. Decommissioning and terminal upgrade works will continue for a number of years, and we are exploring repurposing opportunities for the site which may incorporate reuse of current refinery facilities. It is our intention to continue to operate on the Marsden Point site over the long term.

What are the options being considered for repurposing the Marsden Point site?

We are in talks with a range of stakeholders, and the Government, on a number of opportunities for the repurposing of parts of the site that will not be required for the proposed Import Terminal.

We are investigating near-term opportunities for additional private storage for oil companies, other imports, such as bitumen, into Marsden Point and Maranga Ra, the solar farm project that was previously developed. We are also looking at medium term options for the import, storage and production of biofuels, including sustainable aviation fuel, that will be required to decarbonise aviation, and in the longer-term new energy sources such as hydrogen.

How many jobs will be left at Marsden Point after this transition?

While a terminal could be operational in 2022 the full transition and decommission would take a number of years, and therefore workforce changes are likely to occur over a period of time, however we do acknowledge that there will be a change as we will be a smaller operation. We recognize that this is a significant change for our workforce. We have been working hard to prepare everyone across our site for this change, and we have undertaken extensive one-on-one consultations with each of our employees about what this means for them and are working with all of our employees to help them plan and prepare for the future.

What are the environmental impacts of the conversion?

We take our environmental responsibilities very seriously, and work closely with our community and local Iwi to ensure we are protecting the coastline upon which we operate.

We were recently granted a 35-year resource consent to continue operating a heavy-industrial site at Marsden Point. The conditions of our consent include strict protections to maintain the high environmental standards that we have always had in place at Marsden Point. For many of our team, based up at Marsden Point, this is their community too, so we have a strong personal commitment to preserving and protecting the natural environment around us.