



NZX RELEASE

29 November 2021

Refining NZ announces equity raising to fund growth through Private Storage Services

The New Zealand Refining Company Limited, to be renamed Channel Infrastructure NZ Limited (Channel Infrastructure) upon commencement of import terminal operations from April 2022, announces that it plans to raise approximately NZ\$43.5 million to fund Private Storage Services.

On 22 November 2021, the Company announced that it had executed long-term agreements to provide dedicated private storage to grow Channel Infrastructure beyond the shared Import Terminal System (ITS), with further opportunities under negotiation.

Private storage is a complementary growth opportunity, which provides customers with increased product supply scale and flexibility. The contracted private storage capacity will require an initial capital commitment of c.\$30 million, and is expected to result in incremental revenue of c.\$50 million (real) on a fixed rental basis over a 10 year term, with high EBITDA conversion. This capacity will be progressively made available following required works from the commencement of terminal operations through to early 2023.

Management is actively engaged with customers on additional private storage opportunities which could require a further capital investment of up to c.\$25 million and deliver additional revenue of up to c.\$60 million (real) over a 10-year term. The Company is working to agree these additional private storage services prior to the commencement date of ITS services under the Terminal Services Agreements.

The planned NZ\$43.5 million equity raise will be used to fund contracted Private Storage Services and those under negotiation.

Capital Raising

Refining NZ will undertake the equity raise through an underwritten NZ\$38.5 million placement of new shares (**Placement**) and a non-underwritten \$5 million Share Purchase Plan (**SPP**), with the ability to accept oversubscriptions at Refinery NZ's discretion (the **Offer**).

The \$38.5 million Placement will be conducted during the course of today. The approximately 47.0 million new shares to be issued under the Placement will be issued at a price to be determined throughout the bookbuild process today, subject to an underwritten floor price of \$0.82 per share. A trading halt has been granted by NZX to facilitate the Placement.

The underwritten floor price represents a discount of:

- 6.8% to the last close on 26 November 2021 of \$0.88; and
- 8.5% to the volume weighted average price of Refining NZ shares traded on the NZX during the five days up to, and including 26 November 2021, of \$0.896.

The Placement is underwritten by Forsyth Barr Group Limited.

The SPP will allow all eligible shareholders with a registered address in New Zealand on the record date to apply for up to NZ\$15,000 of new shares in Refining NZ. The issue price of the new shares under the SPP will be the lower of the Placement price and a 2.5% discount to the volume weighted average price of Refining NZ shares traded on the NZX during the five trading days up to, and including, the end of the SPP offer period.

Refining NZ intends to raise NZ\$5 million under the SPP, although we have the ability to accept additional applications above that amount at our discretion. The SPP has been structured to be as fair as possible to all existing shareholders and enables almost all shareholders to participate through either the Placement or the SPP (except where restricted due to legal constraints), and should scaling be required under the SPP, it will be by reference to existing shareholdings on the record date.

The SPP offer opens on 2 December 2021, with the offer document also being available from that date.

The new shares issued under the Offer will rank equally in all respects with Refining NZ's existing ordinary shares on issue.

For further information in respect of the Offer, please refer to the investor presentation that accompanies this NZX announcement.

Investor Briefing

A conference call will be held at 9.30am NZT on 29 November 2021 regarding the Offer. Dial in instructions are below:

AUDIO CONFERENCE DIAL IN DETAILS

START TIME: 9:30 am NZT, Monday, 29 November 2021

CONFERENCE SPEAKERS: Naomi James and Denise Jensen

DURATION: 45 minutes

CONFERENCE ID: 10018253

Participants need to pre-register for the conference by navigating to <https://s1.c-conf.com/diamondpass/10018253-4hdm4ha.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.**

About Channel Infrastructure NZ

Channel Infrastructure's vision is to be New Zealand's leading independent fuel infrastructure company. It will utilise the deep-water harbour and jetty infrastructure of Marsden Point to import refined fuel, owned by its customers. Fuel will be stored at the Marsden Point site in existing tanks at what will be the largest fuel terminal in New Zealand, with 180 million litres of shared capacity, plus dedicated private storage and capacity to provide additional storage. Channel Infrastructure will continue to provide quality fuel testing services both at the Marsden Point site and around New Zealand, through its subsidiary, Independent Petroleum Laboratory Limited (IPL).

Fuel from Marsden Point will be distributed on behalf of Channel Infrastructure's customers primarily to the Auckland and Northland markets, which make up around 40% of New Zealand's fuel demand, through the 170-kilometre Refinery to Auckland Pipeline (the RAP) and the truck loading facility (the TLF) located adjacent to the Marsden Point site.

Conversion to an import terminal will reduce the Company's direct CO2 emissions by almost one million tonnes per annum, delivering around a third of the Governments' first Emissions Reduction Budget¹. The RAP continues to provide the lowest carbon emissions option for delivering fuel to New Zealand's largest market – Auckland.

Refining NZ has been the country's only oil refinery since it was established in 1961. In response to a significant decline in refining margins because of excess refining capacity in the Asian region, Refining NZ initiated a strategic review of the business in April 2020, to determine the optimal future business model and capital structure for the Company's future. This review included extensive engagement with a range of stakeholders including customers and Government regarding potential options for ongoing refinery operations and the potential conversion to import terminal operations.

For more information on Channel Infrastructure, please visit:
<https://www.refiningnz.com/what-is-channel-infrastructure/>.

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¹ Reference: Transitioning to a low-emissions and climate-resilient future: emissions reduction plan discussion document (<https://environment.govt.nz/publications/emissions-reduction-plan-discussion-document/>). The Company's emissions are expected to reduce by c. 3.5MT over the 2022 -2025 budget period.

IMPORTANT INFORMATION

This announcement is not a product disclosure statement or offering document under New Zealand law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Refining NZ in any jurisdiction. This announcement does not constitute financial advice and does not and will not form part of any contract for the acquisition of Refining NZ securities.

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The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with Refining NZ's other market announcements lodged with NZX, in particular the Investor Presentation, dated 29 November 2021, and the Explanatory Booklet, dated 5 July 2021 (as updated by the Investor Presentation), which are available at www.nzx.com under the ticker code "NZR". The disclaimers in the 'Disclaimer and Important Information' section of the Investor Presentation apply to this announcement.