



**The New Zealand
REFINING COMPANY LTD**

Announcement to NZX

NZRC Throughput and Margins Report for July-August 2011

A seven day planned shutdown to de-coke furnace tubes and replace some of the hydro cracker catalyst was successfully completed on 11 August 2011 with all processing units back on-line and operating at near full capacity.

During the shutdown, the company's ability to upgrade lower cost feedstock into high value products was limited as a result of the hydro-cracker being off-line and this has impacted the average Gross Refinery Margin (GRM) generated for the two-month period, recorded at USD 5.27 per barrel. Throughput for the two-month period was 6.9million barrels and, with an average exchange rate of USD/NZD 0.84, the processing fee earned for the two-month period was NZD 30.0 million.

Year to date

The Gross Refining Margin ¹⁾, on a year to date basis, averages USD 6.24 per barrel and the exchange rate USD/NZD 0.80.

Historic Analysis

Five years history of Throughput, Margins and Processing Fees is attached as Appendix II and can also be found on the company's website www.nzrc.co.nz.

1) Gross Refining Margin is defined as the typical market value of the products produced minus the typical market value of the feedstock used, expressed per barrel of feedstock used. The margin incorporates the cost of the hydrocarbon used for fuel and incurred as process losses. This may not be compatible with margins expressed by some parties in which the fuel and loss is excluded.

Appendix I
THE NEW ZEALAND REFINING COMPANY LIMITED
STOCK EXCHANGE RELEASE

Throughput, Margin and Refining Income

		Totals	/bbl
Jan/Feb	Throughput	Barrels (mln)	6.7
	Gross Refining Margin	USD (mln)	43.8
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	43.8
	USD Processing Fee	USD (mln)	30.7
	NZD Processing Fee billed to customer	NZD (mln)	40.2
	YTD Gross Refining Margin above Cost	USD (mln)	0.0
			6.59
			-
			6.59
			4.61
Mar/Apr	Throughput	Barrels (mln)	7.3
	Gross Refining Margin	USD (mln)	43.8
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	43.8
	USD Processing Fee	USD (mln)	30.7
	NZD Processing Fee billed to customer	NZD (mln)	40.1
	YTD Gross Refining Margin above Cost	USD (mln)	0.0
			6.04
			-
			6.04
			4.23
May/Jun	Throughput	Barrels (mln)	7.1
	Gross Refining Margin	USD (mln)	49.9
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	49.9
	USD Processing Fee	USD (mln)	34.9
	NZD Processing Fee billed to customer	NZD (mln)	43.3
	YTD Gross Refining Margin above Cost	USD (mln)	0.0
			7.07
			-
			7.07
			4.95
Jul/Aug	Throughput	Barrels (mln)	6.9
	Gross Refining Margin	USD (mln)	36.1
	Interim Cap/Floor adjustment	USD/bbl	0.0
	USD Gross Refining Margin after Cap	USD (mln)	36.1
	USD Processing Fee	USD (mln)	25.3
	NZD Processing Fee billed to customer	NZD (mln)	30.0
	YTD Gross Refining Margin above Cost	USD (mln)	0.0
			5.27
			-
			5.27
			3.69

Explanatory Note

Throughput Throughput is the amount of intake comprising of crude oil, residues, natural gas and blend stocks. Throughput is measured in barrels. One barrel equates to approximately 159 litres.

Gross Refining Margin

The Gross Refining Margin is calculated in USD and is the difference between the value of finished products and the cost of feedstocks for each customer.

The values assigned to the products use Singapore pricing adjusted for NZRC quality and the cost of getting those products to New Zealand

The values assigned to the feedstocks use notional market values adjusted for the cost of getting these feedstocks to New Zealand

The margin incorporates the cost of the hydrocarbon used for fuel and incurred as process losses.

Interim cap/floor adjustment

The Processing Agreements with our customers contain both Floor and Cap clauses.

Both are calculated on a full calendar year basis.

The Floor is operative if the total Processing Fee billed to our customers falls below ~NZD118 million.

There is a Cap on the processing fee calculation when the USD Gross Refining Margin generated by any customer is in excess of USD9.00 per barrel on a year to date basis.

USD Gross Refining Margin After Cap

Is the Gross Refining Margin plus/minus any impacts of the Cap

USD Processing Fee

Is a calculation based on 70% of the USD Gross Refining Margin after adjustments for the Cap.

NZD Processing Fee billed to customers

The USD Processing Fee is converted into NZD and billed to customers as a NZD Processing Fee.

YTD Gross Refining Margin above Cap

NZRC can utilize this amount if the USD Gross Refinery Margin generated during the balance of the year falls below USD9.00 on a customer by customer basis.

The balance can not be carried over from one year to the next.

Because NZRC's processing fee is calculated on 70% of the Gross Refining Margin, only 70% of this amount can be considered a contingent asset.

Note

The above information relates to refinery operations only. Revenue from Pipeline and other activities is not included.

Appendix II

The New Zealand Refining Company Limited

Stock Exchange Release

Intake/Production, Gross Refining Margin and Processing Fee

		2007	2008	2009	2010	2011
Jan/Feb	Barrels 000,s	6,067	6,400	5,900	7,009	6,652
	USD GRM per barrel	7.90	9.00	8.88	6.85	6.59
	NZD Processing Fee Billed	46,842	51,800	69,009	47,213	40,157
Mar/Apr	Barrels 000,s	5,750	6,600	6,100	6,764	7,251
	USD GRM per barrel	4.96	9.00	6.34	5.57	6.04
	NZD Processing Fee Billed	29,277	52,100	49,290	37,255	40,057
May/Jun	Barrels 000,s	6,199	6,500	6,500	6,387	7,057
	USD GRM per barrel	10.39	9.00	4.66	3.73	7.07
	NZD Processing Fee Billed	58,948	53,600	34,336	24,051	43,344
Jul/Aug	Barrels 000,s	5,978	6,300	6,800	6,824	6,853
	USD GRM per barrel	11.43	9.00	2.94	7.16	5.27
	NZD Processing Fee Billed	56,506	54,100	21,315	47,882	29,985
Sept/Oct	Barrels 000,s	6,510	6,500	5,400	5,305	
	USD GRM per barrel	8.26	9.00	1.25	6.94	
	NZD Processing Fee Billed	47,794	62,300	6,505	34,841	
Nov/Dec	Barrels 000,s	6,363	6,800	7,200	6,663	
	USD GRM per barrel	7.43	9.00	1.18	6.75	
	NZD Processing Fee Billed	46,922	72,100	8,235	41,327	
Total	Barrels 000,s	36,867	39,100	37,900	38,952	27,813
	USD GRM per barrel	8.14	9.00	4.16	6.17	6.24
	NZD Processing Fee Billed	286,289	346,000	188,690	232,569	153,542