

NZX RELEASE

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Conditional sale agreement reached for decommissioned assets

Channel Infrastructure (CHI) announces that, following a comprehensive marketing process it has entered into an Asset Sale Agreement with US-based Seadra Energy Incorporated (SE) pursuant to which SE (or its assignee) has been granted an option to purchase permanently decommissioned parts of the former refinery. Under the agreement, SE will have six-months to consider the purchase of certain assets from the hydrocracking complex in consideration for a non-refundable option payment of US\$4 million.

SE may choose not to pursue the purchase, or may renew the option for an additional six months for a further non-refundable payment of US\$0.5 million. Should SE elect to exercise the option, subject to meeting certain conditions, the purchase price for the assets agreed between the parties is US\$33.875 million (including the option payments, but prior to any transaction costs), with the balance of the purchase price to be paid in instalments throughout the expected 12-month deconstruction period, with the payments secured by a New Zealand bank-issued letter of credit.

Channel Infrastructure CEO, Rob Buchanan says “Should Seadra Energy choose to proceed with the purchase, this agreement provides an opportunity for Channel to free up space on our Marsden Point site from these permanently decommissioned refinery assets, allowing us to consider repurposing and site restoration opportunities, such as the potential manufacture of green hydrogen and eSAF at Marsden Point, which we recently announced will now progress to the next phase with Fortescue Future Industries. These site repurposing opportunities have the potential to contribute to New Zealand’s wider decarbonisation efforts and energy transition, and bring the potential for new jobs for Northlanders.”

Channel will continue to evaluate opportunities in respect of other decommissioned parts of the former refinery which are not included in this agreement with SE. The current net book value after impairments of all decommissioned refinery plant (including the assets proposed to be sold to SE) is c.NZ\$29 million, which will be reviewed in light of any agreements relating to the sale of any refinery assets, with a consequential reduction in the refinery demolition provision also yet to be assessed.

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Authorised by

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About Channel Infrastructure NZ

Channel Infrastructure is New Zealand's leading fuel infrastructure company.

Channel Infrastructure owns critical infrastructure, supplying the Northland and Auckland markets, which make up 40% of New Zealand's transport fuel demand and all of the jet fuel to the Auckland International Airport. Utilising the deep-water harbour and jetty infrastructure at Marsden Point, as well as 280 million litres of storage tanks, and the 170-kilometre pipeline from Marsden Point to Auckland we receive, store, test and distribute fuel owned by our customers. Channel Infrastructure's wholly-owned subsidiary, Independent Petroleum Laboratory Limited, provides fuel quality testing services at Marsden Point and around New Zealand.

Channel Infrastructure is well positioned to support New Zealand's changing future fuel needs, with growth opportunities at the Marsden Point site including additional fuel storage to support fuel security, and work underway with customers and partners on biofuel and hydrogen opportunities.

For more information on Channel Infrastructure, please visit: www.channelnz.com