BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

CALTEX AUSTRALIA LIMITED
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22 August 2011

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
CALTEX REFINER MARGIN UPDATE (JULY 2011)

An *ASX Release* titled "Caltex Refiner Margin Update (July 2011)" is attached for immediate release to the market.

Peter Lim
Company Secretary

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Attach.

CALTEX

Caltex Australia

ASX Release

For immediate release
22 August 2011
Caltex Refiner Margin Update (July 2011)

Caltex advises its realised lagged[1] Caltex Refiner Margin (CRM[2]) in respect of CRM sales from production for the month of July 2011.

Measure	July 2011	July 2010
Unlagged CRM	US$7.23/bbl	US$7.80/bbl
Impact of 7 day lag (negative)/positive	(US$1.83/bbl)	US$0.80/bbl
Realised CRM	US$5.40/bbl	US$8.60/bbl
CRM Sales from production	863Ml	818Ml

Diesel and jet fuel product margins were supported by continuing strong demand. Gasoline product margins came under pressure due to low US demand, resulting in a Singapore Weighted Average Margin for July 2011 of US$11.18/bbl.

The average Dated Brent price in the last week of July was higher than the last week of June by approximately US$10/bbl. This resulted in a negative lag impact on the CRM for July. Demand for West African crude has moderated, reducing the crude premium paid by Caltex for these crudes. However the high crude price continues to negatively impact the CRM due to higher yield losses. The Brent – Dubai spread was approximately US$7/bbl during July and continues to put pressure on the CRM, compared to the long term Brent-Dubai spread of US$3 – 4/bbl.

Notes

1. A fall in the Australian dollar crude price, particularly at the latter end of the month produces a positive lag effect on the CRM (i.e. increases the CRM) and, conversely, in the event of a rise in the Australian dollar crude price, a negative lag effect occurs (i.e. reduces the CRM) .

2. CRM represents the difference between the cost of importing a standard Caltex basket of products to eastern Australia and the cost of importing the crude oil required to make that product basket.

   The CRM is calculated in the following manner:

   Weighted Singapore product prices (for a standard Caltex basket of products)
   Less: Reference crude price (from 1 January 2011 the Caltex reference crude marker is Dated Brent, in 2010 it was APPI Tapis)

   Equals: Singapore Weighted Average Margin (Dated Brent basis)

   Plus: Product quality premium
   Crude discount
   Product freight

   Less: Crude premium
   Crude freight
   Yield Loss

   Equals: Caltex Refiner Margin

   The Caltex Refiner Margin is converted to an Australian dollar basis using the prevailing average monthly exchange rate.

   CRM is just one contributor to the Replacement Cost Operating Profit (RCOP) EBIT earnings (excluding significant items). Other items contributing to the RCOP EBIT include Transport Fuels Marketing volume and margin, Lubricants and Specialties volume and margin, Non-Fuel Income and Other Margin less Operating Expenses.

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