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ASX ANNOUNCEMENT



CALTEX

CALTEX AUSTRALIA LIMITED
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27 October 2011

Company Announcements Office
Australian Securities Exchange

CALTEX AUSTRALIA LIMITED
RATIONALISATION OF PROCESS PLANTS AT KURNELL REFINERY

An *ASX / Media Release* titled "Rationalisation of process plants at Kurnell refinery" is attached for immediate release to the market.

Peter Lim
Company Secretary

Contact number: (02) 9250 5562 / 0414 815 732

Attach.



CALTEX

Caltex Australia

ASX/Media release

For immediate release

27 October 2011

Rationalisation of process plants at Kurnell refinery

Caltex advises of a decision to cease operation of the #1 Fluidised Catalytic Cracking Unit (FCCU) and the Propane De-Asphalting Unit (PDU) at its Kurnell refinery in Sydney, New South Wales.

The decision is part of ongoing efforts to deliver cost and capital efficiency gains at the Kurnell refinery and is not linked to the current review (which is ongoing) of the role that the refineries play in maintaining continuity of supply to our customers.

Rationale for ceasing to operate the #1 Fluidised Catalytic Cracking Unit

The changing product demand in the Australian market, with a shift towards higher demand for diesel and lower demand for gasoline, has resulted in the Kurnell refinery's two FCCUs being operated at well below capacity.

Additionally, as the #1 FCCU is due for planned major maintenance in February 2013 and will then require significant investment, the decision has been made to cease its operation and maintain operation of the remaining #2 FCCU. By increasing the utilisation of the #2 FCCU, overall production levels will not be materially impacted.

Rationale for ceasing to operate the Propane De-Asphalting Unit

The PDU is used in the manufacture of bitumen and its operation is closely linked with the Caltex Lubricating Oil Refinery (CLOR) at Kurnell. Accordingly, the previously announced closure of CLOR by the end of 2011 limits the economic viability of ongoing PDU operations. Caltex has previously announced its intention to begin importing bitumen and triple its bitumen storage capacity in New South Wales to ensure current and future customer demand for this specialty product can be met.

Impacts of closures

The cessation of operation of the #1 FCCU is expected to be completed by February 2013 and the PDU by the end of 2012.

The closure of the #1 FCCU and the PDU will impact between 20-30 positions at the Kurnell refinery. Caltex will seek to redeploy these employees where possible.

As a result of these operational decisions, Caltex has recognised significant items totalling \$77.7 million (before tax). This includes \$53.5 million (before tax) for impairment and redundancies associated with closure of the #1 FCCU, \$14.2 million (before tax) for impairment and redundancies associated with closure of the PDU and \$10.0 million (before tax) for the estimated cost of demolition of both units.

Both the #1 FCCU and PDU will be maintained to ensure safe operation until the end of their respective run dates.

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