BY ELECTRONIC LODGEMENT **ASX ANNOUNCEMENT**

CALTEX AUSTRALIA LIMITED
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16 March 2016

Company Announcements Office

Australian Securities Exchange

CALTEX AUSTRALIA LIMITED

CALTEX REFINER MARGIN UPDATE (JANUARY 2016)

An ASX release titled "Caltex Refiner Margin Update (January 2016)" is attached for immediate release to the market.

Peter Lim
Company Secretary

Caltex Australia

ASX Release

For immediate release
16 March 2016

Caltex Refiner Margin Update (January 2016)

Caltex advises its realised lagged[1] Caltex Refiner Margin (CRM[2]), in respect of CRM sales from production for the month of January 2016.

	January 2016	December 2015	January 2015
Unlagged CRM	US$12.76/bbl	US$14.05/bbl	US$15.14/bbl
Impact of pricing lag positive/(negative)	US$0.76/bbl	US$3.15/bbl	US5.22/bbl
Realised CRM	US$13.52/bbl	US$17.20/bbl	US$20.36/bbl
CRM Sales from production	494ML	554ML	534ML

The January unlagged CRM was US$12.76/bbl. This is below the prior month (December 2015: US$14.05/bbl) and prior year equivalent (US$15.14/bbl). Regionally, the unlagged Caltex Singapore Weighted Average Margin was US$13.47bbl, below the prior month (December 2015: US$13.73/bbl) but above the prior year (January 2015: US$12.95/bbl).

Lower Brent crude oil prices in the last week of January drove a favourable US$0.76/bbl pricing lag (December favourable: US$3.15/bbl).

The January 2016 realised CRM was US$13.52/bbl, below the December 2015 CRM of US$17.20/bbl and the prior year comparative (January 2015: US$20.36/bbl).

Sales from production in January 2016 (494ML) were below the prior month (December 2015: 554ML) and the prior year equivalent (January 2015: 534ML).

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 (the Caltex reference crude marker is Dated Brent)

   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 volume and margin, Lubricants and Specialties volume and margin, Non-Fuel Income and Other Margin less Operating Expenses.

3. The replacement cost of sales operating profit (RCOP) excludes the impact of the fall or rise in oil and product prices (a key external factor) and presents a clearer picture of the company's underlying business performance. It is calculated by restating the cost of sales using the replacement cost of goods sold rather than the historic cost, including the effect of contract based revenue lags.

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