

Media Release

27 September 2011

QENOS SIGNS LONG TERM FEEDSTOCK SUPPLY AGREEMENTS

Qenos is delighted to announce the signing of long term feedstock contracts with ExxonMobil Australia and BHP Billiton at an official ceremony held today in Beijing, China.

Hosted by Mr Ren Jianxin, President of China National Chemical Corporation (“ChemChina”), the signing ceremony at the Diaoyutai State Guesthouse was attended by senior representatives of Qenos, ExxonMobil Australia and BHP Billiton as well as the Victorian Premier, Mr Ted Baillieu.

Qenos, ExxonMobil Australia and BHP Billiton, with the support of the Victorian Government and Qenos’s major shareholder ChemChina, have entered into long term supply arrangements enabling the creation of significant value by utilising Bass Strait oil and gas resources to produce polyethylene, which is subsequently transformed by the Australian manufacturing industry into high value manufactured goods.

The signing ceremony was in recognition of the 15 year feedstock supply agreements entered into between Qenos and each of ExxonMobil Australia and BHP Billiton. These agreements assist with the \$195 million expansion and ongoing sustainability of the Qenos Altona Victoria polyethylene manufacturing operation, and extend the previous supply arrangements.

“ChemChina’s support for the growth of Qenos recognised by today’s signing, is evidence of the great progress made by Qenos in creating a sustainable future” said ChemChina’s President Mr Ren Jianxin.

Qenos is the cornerstone of the Australian plastics industry and the nation’s sole manufacturer and leading supplier of world class polyethylene and polymers.

“The contracts will secure 15 years’ supply of feedstock worth more than \$2 billion. We add significant value to ethane and LPG to produce polyethylene which is then used to develop a range of high quality plastic products, both domestically and for export,” the Chief Executive Officer of Qenos, Jonathan Clancy said.

The feedstock contracts underpin the investment to expand and modernise its manufacturing facilities at Altona in Melbourne.

“These contracts are a significant investment in Victoria’s economy. It will secure jobs at the Qenos Altona Plant, and will create 250 additional jobs during the \$195 million expansion of the plant,” Victorian Premier Ted Baillieu said.

“This substantial investment in the Australian plastics industry will position Qenos for future growth and development. It means that Qenos has a long term future which is great news for our employees and the broader community,” said Clancy.

“This project will increase Altona’s manufacturing capacity by 20 per cent ensuring it remains competitive in the global market. For our valued customers, this significant investment will provide benefits through enhanced reliability of supply, coupled with our ability to increase capacity in line with the growth of the Australian polyethylene market, providing a sound base for future growth,” added Mr. Clancy.

Qenos is also investing in the energy efficiency of its production facilities at Altona in Melbourne. An existing steam boiler on the Olefins site at Altona will be decommissioned and replaced with a modern cogeneration unit. The cogeneration unit will meet all of Qenos’s electricity demand and will be capable of producing over a third of its steam requirements, while reducing greenhouse gas emissions associated with Qenos’s operations.

“The replacement of one of our steam boilers with a 21MW Cogeneration (combined heat and power) plant will result in a significant improvement of our energy efficiencies. The project will result in a reduction of approximately 100,000 tonnes of greenhouse gas emissions per year.”

Qenos is also investing in research and development to support new generation pipe resin technology, as well as significant energy efficiency projects. This means developing stronger and more energy efficient plastic products in sectors such as agriculture and mining.

This major investment reinforces Qenos’s commitment to the Australian polyethylene market and further strengthens its position as a competitive and sustainable long-term local producer of polyethylene resin.

“In addition, there will also be significant environmental benefits from improved production efficiency, reducing both water and greenhouse gas intensities,” Mr Clancy said.

He also said the investment was supported through the assistance of the Victorian State Government. “We are very pleased that the Victorian Government recognises the value of local manufacturing jobs and is prepared to back Qenos for the long term.”

The investment constitutes a strong endorsement of the Qenos business and the Australian industry by Qenos’s shareholder Bluestar, a Chinese based international conglomerate, and one of China’s largest chemical companies.

Ongoing investment into Qenos facilities across the country will be vital for the company to maintain its leadership position as the largest production centre for plastics and petrochemicals in Australia.

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For further information:

Damian Toohey
Corporate Affairs Manager
0417 356 493

Qenos is an Australian leader in the manufacture, distribution and trading of polymers and is a vital link in the nation’s manufacturing chain.

Our manufacturing operations in Altona and Botany employ approximately 750 people and focus on supplying Australia’s growing polymer market. The world class quality of Qenos products reflects the skills and expertise of our people, our efforts in technology development, and our focus on sustainability, efficiency and innovation.

Qenos adds significant value to natural resources, creating high value products. We bring on the ground technical expertise to assist our customers to produce their best and work hard to build strong relationships with all of our stakeholders – our customers, employees, shareholders, financiers, suppliers, unions, regulators, governments and local communities – relationships that are critical to future growth and prosperity. Qenos make products that contribute to conserve Australia’s resources and energy.

Every day in our homes, factories and farms, Australians rely on products made from the polymers and chemicals produced by Qenos. From juice and milk bottles to mobile garbage bins, water tanks and pipes to packaging of cleaning products and food wrapping, Qenos polymers are everywhere.

Qenos is a subsidiary of China National Bluestar (Group) Co. Ltd, a joint venture between China National Chemical Corporation and The Blackstone Group. Our international links allow us to source specialty products from around the world and give us access to global business opportunities.

Qenos continues its role as a leader and innovator and is focused on delivering sustainable solutions.