Meridian.

NZAS Contract Announcement

31 MAY 2024

New Zealand aluminium smelter, Tiwai Point, Southland

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Today's announcement

- Meridian Energy and Rio Tinto have conditionally signed a package of long-term contracts for part of the NZAS[1] Tiwai Point aluminium smelter's electricity needs.
- The package includes a long-term fixed price contract for wholesale electricity price cover (**Base Contract**) and a demand response agreement.
- The Base Contract includes the following elements:
  - sustainable pricing that begins 1 July 2024,
  - a 20-year term, up to and including 31 December 2044,
  - 377 MW base load volume from 2025.
- The demand response agreement gives Meridian four demand response options that incentivise the smelter to reduce consumption, in blocks ranging from 25 MW to 185 MW.

[1] NZAS is a joint venture between Rio Tinto (79.36%) and Sumitomo Chemical Company Limited (20.64%)

Today's announcement

- The contracts are subject to satisfaction of conditions precedent, including:
  - NZAS agreeing terms with other parties, and
  - Regulatory approval from the Electricity Authority.
- Effective Date is the later of 1 July 2024 or the satisfaction of conditions precedent. If the contracts take effect, regardless of the Effective Date, the pricing is backdated to 1 July 2024.
- Conditions precedent must be satisfied before 31 December 2024, unless waived.

Meridian NZAS contracts – further detail

Base Contract for difference

- 472MW from Effective Date to 31 December 2024.
- 377MW from 1 January 2025.
- New pricing from 1 July 2024 with annual price escalation based on CPI from start of 2028, conditional on LME Aluminium Prices in the previous year being higher than the year before the previous year.
- Term of 20 years to 31 December 2044. However, NZAS may provide 2 years' notice of termination any time from 31 December 2032 onwards but must make an irrevocable payment of $180M to Meridian when providing that notice.
- Aggregate of $235M (first 10 years of term) and $180M (remainder of term) in prudential support to Meridian in parent company and bank guarantees.

Meridian NZAS contracts – further detail

<u>Demand response contract</u>

- Flexible demand response with four demand options exercisable by Meridian. An exercised demand option reduces the volume of cover provided by Meridian under the Base Contract by the demand option volume.
- The sizes of the four demand options are 138.75MW, 75MW, 37.5MW, 18.75MW.
- Exercise of a demand option will incentivise NZAS to reduce consumption by 185MW, 100MW, 50MW or 25MW (as applicable).
- Payment of half of the annual premium depends on NZAS's compliance with demand response calls.
- Strike price payable based on actual reduction.
- Annual price escalation based on CPI from start of 2028, conditional on LME Aluminium Prices in the previous year being higher than the year before the previous year.
- Term of 20 years as per the Base Contract and terminates automatically on termination of Base Contract.
- Maximum of approximately 800 GWh of demand response is available in any given year, with an average of approximately 400 GWh per annum over the term.

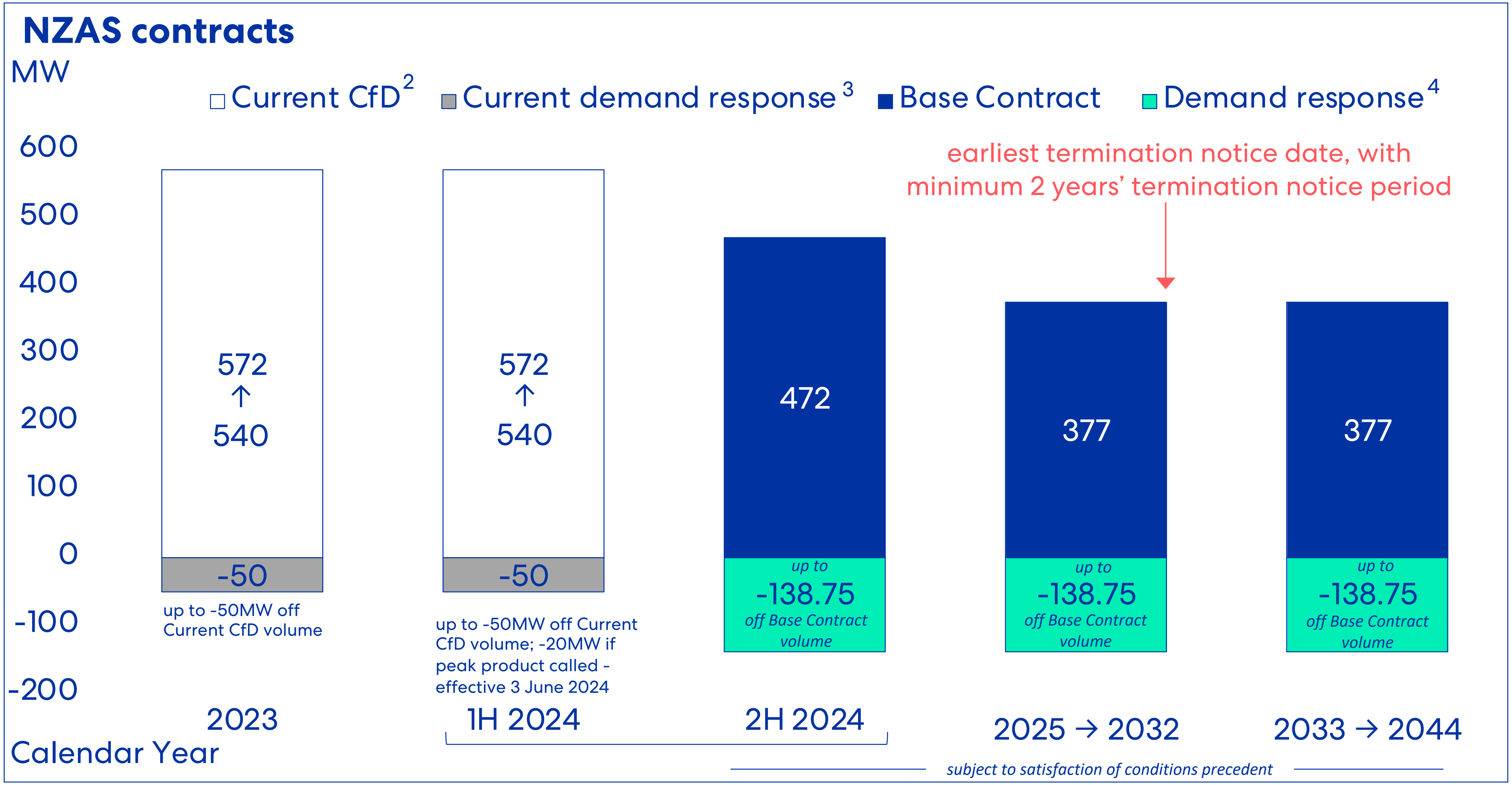
Meridian NZAS contracts – further detail

Demand response contract – summary of demand options

Option	Equivalent reduced consumption (MWh per hour)	Exercisable Reduction from Meridian demand response agreement (MWh per hour)	Usual Ramp-Down Notice Period	DR Period (equivalent number of days)	Usual Ramp-Down Period (equivalent number of days)	Usual Ramp-Up Notice Period (equivalent number of days)	Usual Ramp-Up Period (equivalent number of days)	Maximum Calls
1	25	18.75	3 Business Days	Minimum 10 days, maximum 150 days	5 days	3 days	15 days	Unlimited, but the Option cannot be exercised more than 4 times in any 12-month period
2	50	37.5	3 Business Days	Minimum 15 days, maximum 145 days	10 days	3 days	30 days	Unlimited, but the Option cannot be exercised more than 2 times in any 18-month period
3	100	75	3 Business Days	Minimum 22 days, maximum 137 days	18 days	5 days	100 days	The Option cannot be exercised more than 8 times over the Term
4	185	138.75	5 Business Days	Minimum 30 days, maximum 75 days	25 days	5 days	200 days	The Option cannot be exercised more than 4 times over the Term

Stand down periods apply between the exercise of options.

Meridian NZAS contracts



[2] Follows smelter load, with minimum volume of 540MW and maximum volume of 572MW.
[3] If called, the current demand response reduction volume of up to 50MW comes off the volume of the Current CfD between Meridian and NZAS. Meridian and NZAS have separately agreed an up to 20MW peak demand response agreement for winter 2024 (effective 3 June 2024).
[4] If called, the demand response reduction volume comes off the volume of the Base Contract between Meridian and NZAS.

Current arrangements

- The current arrangements between Meridian and NZAS, including the electricity agreement, 2023/2024 demand response agreement and 2024 peak demand response agreement will all terminate at midnight on the day before the date the new arrangements take effect.
- If the new arrangements do not come into effect, the current arrangements will expire at the end of 2024 at the latest (if they have not otherwise expired or been terminated earlier).

Closing comments

- This major milestone removes significant uncertainty for the people of Southland.
- The smelter's commitment to a long term relationship with New Zealand will facilitate the development of further renewable energy options.
- The demand response agreement is groundbreaking and will provide critical dry year cover, further supporting decarbonisation of New Zealand's economy.
- We also confirm our investor day scheduled for 24 and 25 June will proceed. You will hear more about this in the next few days.

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All currency amounts are in New Zealand dollars unless stated otherwise.