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NEWS RELEASE

Northland wind farm propels Mercury's commitment to new renewable energy to more than $1b over two years

18 December 2024 – Mercury has confirmed it will construct a $287m wind farm in Northland, bringing its total commitment to new renewables to more than $1b over two years.

Key facts

- Mercury has executed contracts for the procurement and construction of the Kaiwaikawe Wind Farm near Dargaville.
- Capital expenditure of $287 million (excluding capitalised interest) lifts Mercury's total commitment to new renewable generation to more than $1b in FY24 and FY25.
- Once completed, the 12-turbine, 77MW project (221GWh pa) wind farm will generate enough renewable electricity to power about 27,000 homes.
- Construction is expected to start in January 2025, with first generation expected in mid-2026 and full generation by the end of 2026.
- The wind farm will feature 12 Vestas V162-6.4 MW™ wind turbines, the first of this model built in New Zealand.
- Kaiwaikawe will be the first wind farm constructed in Northland.

Mercury Chief Executive Stew Hamilton said the decision to construct the Kaiwaikawe Wind Farm demonstrates the company's commitment to lifting New Zealand's renewable energy generation.

"Kaiwaikawe construction starts in January 2025 and at that point Mercury will have three renewable energy builds underway simultaneously.

"That includes the expansion of our Ngā Tamariki geothermal power station near Taupō, the expansion of our Kaiwera Downs Wind Farm in Southland, and now adding Kaiwaikawe in Northland to that group of projects.

"All three will generate an additional 1136GWh pa for New Zealand when completed, helping to lift the country's renewable energy capacity connected to the national grid by about 2.6%."

Kaiwaikawe is a 12-turbine wind farm and on its own will generate 77MW, providing 221GWh pa, enough to power about 27,000 homes, or almost every occupied dwelling in Whangarei district.

"This project is an example of the huge level of activity underway across the energy sector to ensure we continue to support New Zealand's move to electrification and to increase the country's security of supply."

Executive GM Generation Development Matt Tolcher said Mercury has a strong track record of successful renewable generation development and delivery.

"The Kaiwaikawe Wind Farm is part of our high-quality generation pipeline, which includes the $486m Kaiwera Downs Wind Farm expansion and the $220m Ngā Tamariki geothermal station expansion. It's another proof point of

our ability to create and deliver high-quality generation assets. We are in the final stages of negotiating offtake arrangements with Genesis."

Looking forward, Mercury is seeking amendments to existing resource consents for its proposed Mahinerangi Stage 2 Wind Farm near Dunedin and Puketoi Wind Farm in the Tararua district.

It has also added two new projects to the pipeline including a grid-scale battery near its Whakamaru hydro station north of Taupō and the Waikokowai Wind Farm west of Huntly.

Kaiwaikawe will feature the largest and tallest turbines in New Zealand, with the tower height of the turbines being 125m, the rotor diameter being 162m the turbine tip height being 206m.

"We're looking forward to kicking off construction on Kaiwaikawe in early 2025 and are already focused on how we can be a positive part of the Northland community," Mr Tolcher said.

This will include an annual community fund that will be established to support groups and communities around the Kaiwaikawe Wind Farm.

The wind farm development is expected to involve up to 100 jobs during construction, providing employment opportunities for the Northland region.

"We have worked alongside mana whenua, Te Roroa, in the years of build-up to this project, and we look forward to continuing to work with them through construction and operation."

ENDS

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ABOUT MERCURY NZ LIMITED

Mercury generates electricity from 100% renewable sources: hydro, geothermal and wind. We are also a retailer of electricity, gas, broadband and mobile services. We're listed on the New Zealand Stock Exchange and the Australian Stock Exchange with the ticker symbol 'MCY', with foreign exempt listed status. The New Zealand Government holds a legislated minimum 51% shareholding in the Company.

Visit us at: www.mercury.co.nz

Kaiwaikawe Wind Farm Investment.

Mercury is delivering more generation for New Zealand

18 December 2024

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MERCURY COMMITS TO KAIWAIKAWE WIND FARM NEAR DARGAVILLE.

Mercury is delivering more generation for New Zealand

Mercury has committed to the construction of Kaiwaikawe wind farm, a 77 MW and 221 GWh per annum generation development project near Dargaville

First generation is expected by mid CY26 and full generation by late CY26. Kaiwaikawe's grid location and wind profile will further enhance the geographical diversity of Mercury's portfolio

Forecast capital expenditure[1] of $287 million brings the total commitment to new renewables in FY24 and FY25 to over $1b with Ngā Tamariki geothermal expansion and Kaiwera Downs stage 2 investments

A multi-contract delivery approach will be utilised, similar to Kaiwera Downs stage one wind farm which was completed in Nov-23 on time and under budget

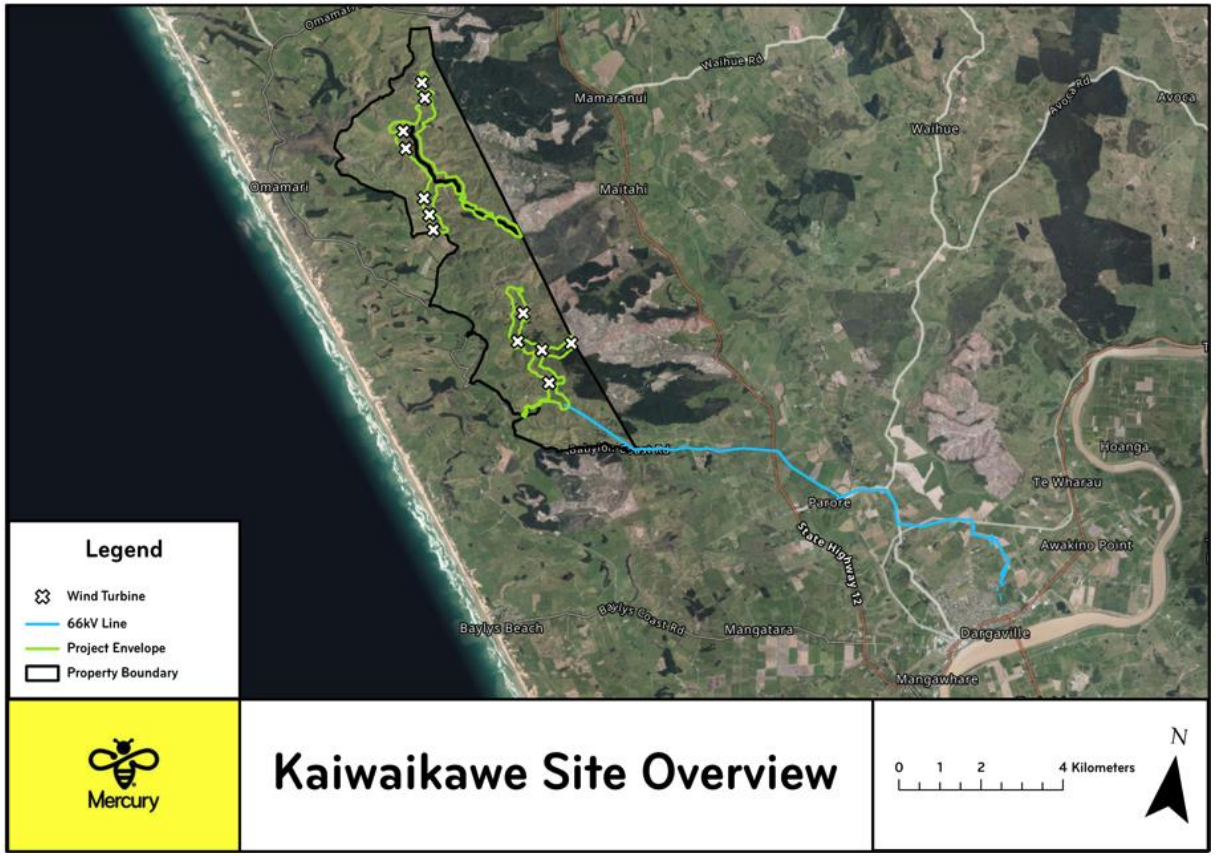
Kaiwaikawe's proximity to Auckland and low correlation to NZ's wind fleet will deliver higher generation-weighted average prices relative to the benchmark Auckland grid price

New Zealand's future is brighter because of the role of renewables. The electricity sector is undergoing transformational growth; we're excited to be at the forefront of this

[1] Capital cost excludes capitalised interest and sunk costs

KAIWAIKAWE WIND FARM TURBINES WILL BE THE LARGEST AND TALLEST IN NZ

Kaiwaikawe wind farm and transmission layout



Key messages

- Kaiwaikawe wind farm (KWK) is a long dated high quality generation development option located in the Northland region 12km northwest of Dargaville and 3km inland from the Tasman sea
- KWK will have seven turbines located in the northern cluster and five turbines located in the southern cluster. The turbines will be the largest and tallest in New Zealand
- Underground 33kV lines will connect the turbines to the 66kV onsite substation. The wind farm connects to Northpower's substation located near Dargaville via a ~14km 66kV transmission line. The grid connection is at Maungatapere via overhead lines from Dargaville
- A multi-contract delivery approach, similar to the Kaiwera Downs stage 1 and stage 2 wind farm projects will be utilised to deliver the project

HIGH QUALITY GENERATION INVESTMENT.

Project Specification	Kaiwera Downs Stage 2 (KD2)	Kaiwaikawe
Full Generation	Late 2026	Late 2026
WTG Supplier	Vestas	Vestas
O&M Contractor / Term	Vestas / 30 years	Vestas / 30 years
Turbines	36 x V136 4.3MW	12 x V162 6.4MW
Turbine Tip Height / Tower Height	156m / 88m	206m / 125m
Rotor Diameter	136m	162m
Total Capacity	155 MW	76.8 MW
Net Capacity Factor	38.7%	33%
P50 Yield (Average over 30 years)	525 GWh pa	221 GWh pa
Capital Cost[1]	$486m	$287m
Total Operating Costs[2] (First full year pa)	$17.3/MWh	$17.8/MWh
EBITDAF Impact (First full year)	$43m	$29m

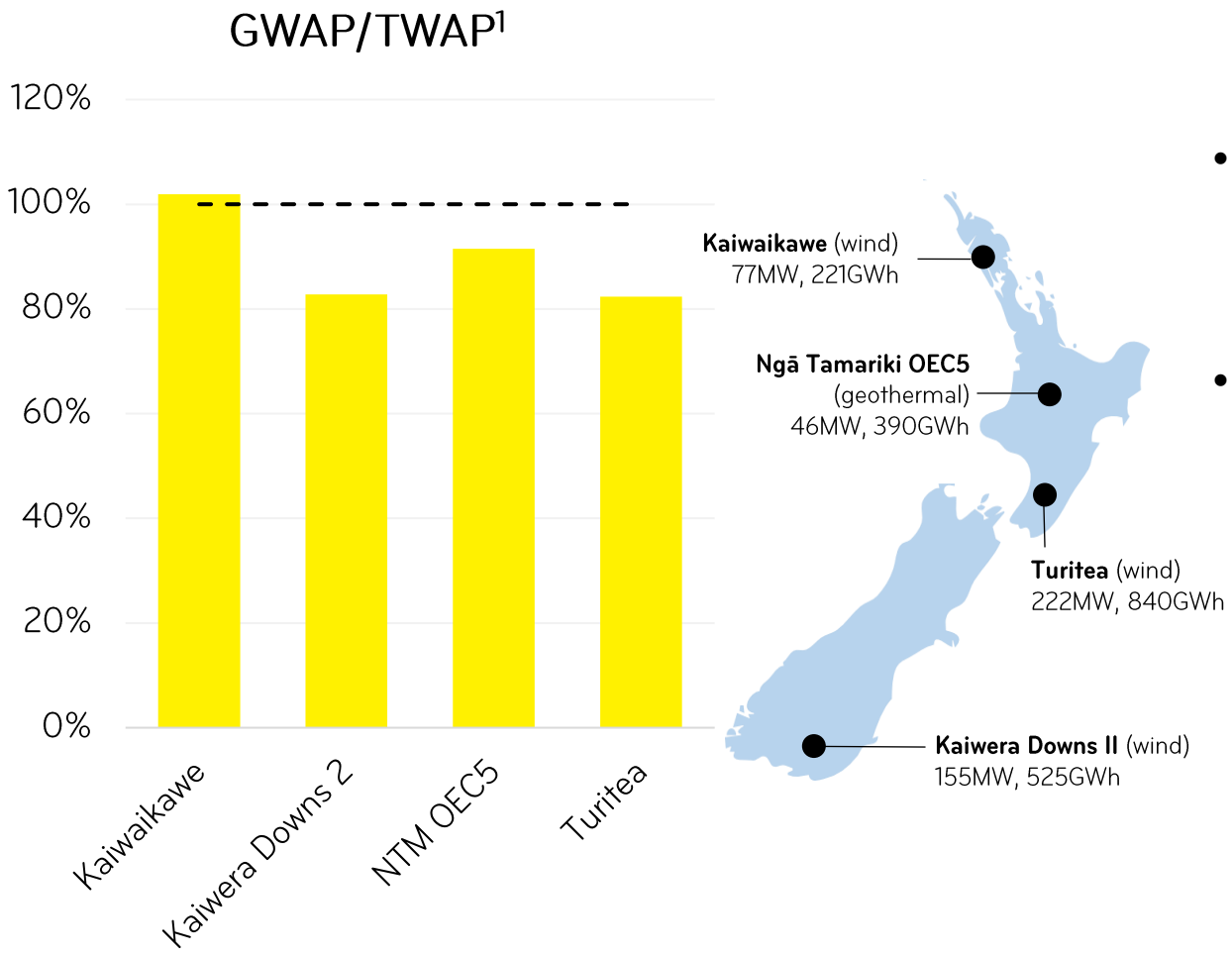
Key messages

- KD2 wind farm is currently in construction near Gore. KWK's relative capital cost is higher than KD2 due to higher costs (smaller scale and inflation), electrical works relating to transmission and grid upgrade works
- The higher cost of KWK is partially offset by the location benefit of KWK's proximity to Auckland
- We are in the final stages of negotiating offtake arrangements with Genesis

[1] Capital cost excludes capitalised interest and sunk costs
[2] Total operating costs include operating expenditure and direct costs

LOCATIONAL BENEFITS PARTIALLY OFFSET INCREASED COST

Kaiwaikawe has a location advantage



Key messages

- Kaiwaikawe's geographic diversity and low correlation to NZ's wind fleet delivers higher generation-weighted average prices (GWAP) relative to competing development options
- These benefits partially offset the higher relative capital cost of KWK compared with KD2

[1] Generation Average Weighted Price (GWAP) vs. Time-weighted average price at OTA. 2023 actual or modelled Year 1 prices

HIGH QUALITY GENERATION PIPELINE.

Kaiwaikawe wind farm development committed

Project	Capacity (MW)	Generation (GWh pa)	Type & Location	Stage	Progress Comment
Ngā Tamariki OEC5	46	390 uplift	Geothermal near Reporoa	Construction	First generation late Cal-25
Kaiwera Downs II	155	525	Wind farm near Gore	Construction	First generation mid Cal-26 Full generation late Cal-26
Kaiwaikawe	77	221	Wind farm near Dargaville	Construction	First generation mid Cal-26 Full generation late Cal-26
Beyond FY25					
Puketoi	228	1,080	Wind farm near Pahiatua	Feasibility & pre-reconsenting	Scheme optimisation and development work progressing
Mahinerangi 2	138	470	Wind farm near Dunedin	Feasibility & pre-reconsenting	Development work progressing
Wind farm west of Huntly	200-300	600-900	Wind farm near Huntly	Feasibility & pre-consenting	Signed core wind farm landowners and engaging other landowners to secure expanded site. Development work progressing
Whakamaru BESS stage 1	100-150	2hr (300MWh)	BESS near Taupo	Feasibility & consenting	Preliminary design, preparing consenting reports & application, stakeholder engagement. FID anticipated in FY26
Tararua repowering	60MW Uplift, to 221MW	270 uplift	Wind farm near Palmerston North	Feasibility & pre-consenting	Developing the repowering strategy. Project planned beyond 2030
Various other prospects	1500	~5,000	Various	Prospecting, feasibility	Includes onshore wind, solar, geothermal & BESS

Key messages

- Mercury recently commissioned Turitea South and Kaiwera Downs stage 1 wind generation projects at a total cost of $565 million. With the commitment to develop Kaiwaikawe, Mercury has three generation projects in the construction stage
- Construction of Ngā Tamariki OEC5 geothermal expansion started in Apr-24. Construction of Kaiwera Downs stage 2 wind farm expansion started in Jun-24
- Two new projects have been added to the pipeline in FY25, a grid-scale battery at Whakamaru hydro station and a wind farm west of Huntly

GENERATION CONSTRUCTION UPDATE

Kaiwera Downs stage 2 under construction

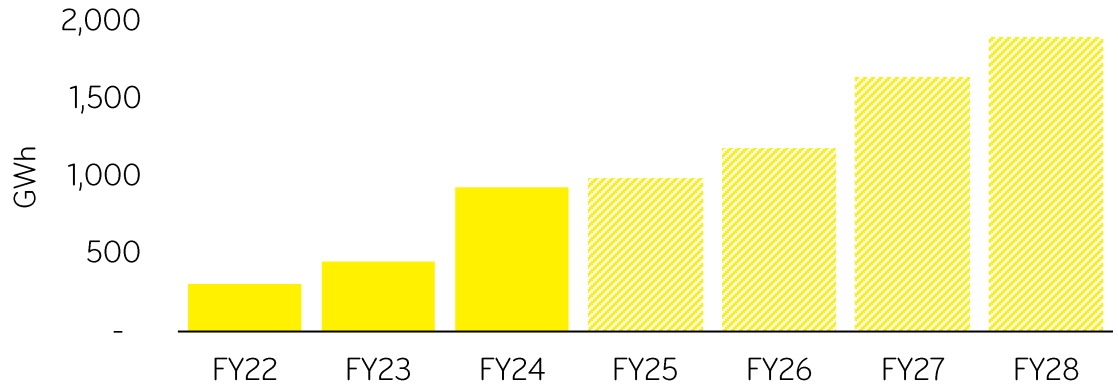
Kaiwera Downs stage 2 construction is on plan despite a few wet months over spring. We are 5 months into civil work. ~10kms of onsite roading and a number of hardstands are in progress. Substation hardstand is complete and handed over to electrical balance of plant contractor who have started onsite. 33kv reticulation cable started with ~6kms laid to date.

Ngā Tamariki OEC5 geothermal under construction

Ngā Tamariki OEC5 construction is on plan and major milestones met. Air Cooled Condenser structure and bundles have all been erected. OEC switchroom is well underway. All major equipment from Ormat has arrived on site.

OUR TRACK RECORD ON GENERATION DEVELOPMENT.

Total new and committed generation since FY22



Turitea South wind farm fully operational in FY23, increasing annual generation on average by 370GWh

Kaiwera Downs stage 1 wind farm fully operational in FY24 increasing average annual generation by 147GWh. The project was on time and under budget

Committed to a 390GWh Ngā Tamariki geothermal expansion in Sep-2023 and 525GWh Kaiwera Downs stage 2 wind farm in Jun-2024

Projects under construction or consented