



STOCK EXCHANGE LISTINGS: NZX (MCY) / ASX (MCY)

NEWS RELEASE

Mercury confirms \$220m expansion of Ngā Tamariki geothermal station

19 September 2023 – Mercury today announced it will add a fifth generating unit at its Ngā Tamariki geothermal station, boosting generation output by 46MW (390 GWh p.a.).

The details

- The expansion will cost **\$220m** (excluding capitalised interest, geothermal drilling of ~\$35m and sunk costs of \$3m), part of the signalled total commitment of up to \$1 billion investment in generation expected in FY24 by Mercury.
- The fifth unit's net capacity is **50MW**. After reconfiguring the site, the net output for the full station increases by 46MW, increasing generation by **~390 GWh p.a.** (equivalent to an additional **~55,000 households**).
- The project has been developed with support from our commercial partner Tauhara North #2 Trust.
- Mercury has executed contracts for engineering, procurement and construction with global geothermal manufacturer Ormat.
- Construction will commence in early 2024 calendar year, with first generation expected in **late 2025**.

"This investment is the first wave of the \$1 billion we expect to commit this financial year to generation development we will construct over the next 3 years. It's another important step in our ambitious programme to bring more renewables online for Aotearoa New Zealand," said Mercury Chief Executive, Vince Hawksworth.

Mercury has developed the project whilst working with commercial partner Tauhara North No. 2 Trust to ensure the sustainability of the reservoir and management of the surrounding environment.

"The geothermal reservoir is our 'Taonga tuku iho' and as kaitiaki of this resource the sustainability of the reservoir was the most important Kaupapa," said Mana Newton, Group Chief Executive Officer of Tauhara North No.2 Trust. "These improvements enable us to provide more benefits to our whānau and contributes to our 100 year plan of a more sustainable and efficient relationship with Papatūānuku."

"We have a common goal of protecting the environmental sustainability of the natural resource used to power our generation assets and this leads to better decisions that protect the long-term health of the resource," said Mr Hawksworth.

"We also acknowledge Ngāti Tahu – Ngāti Whaoa as mana whenua within this rohe, where six of our generating sites are located including Ngā Tamariki. We remain committed to continuing to build a strong and enduring relationship with them."

The expansion is the first of three advanced renewable generation development projects expected to go to Final Investment Decision (FID) this financial year for Mercury. Kaiwaikawe wind farm and stage two of Kaiwera Downs wind farm are both nearing FID.

It also follows on from full operation of Turitea South wind farm which commenced in July, and stage one of Kaiwera Downs wind farm, expected to be fully operational next month.

"We're in an exciting stage of growth at Mercury as we continue to deliver on our commitment to playing a leading role in Aotearoa New Zealand's transition to a low-carbon economy. This project makes a significant contribution and supports the diversity of our premium pipeline of wind projects and prospects," said Mr Hawksworth.

Geothermal energy is an important part of New Zealand's energy mix because it generates 24/7. As a baseload energy source, it helps meet winter peaks and its reliability is an important complement to intermittent renewables like wind and solar.

Ngā Tamariki geothermal station – key facts:

- Commissioned in 2013 and currently comprising four existing units providing a total net station output of 86 MW).
- Station was built with allowance for an expansion once the reservoir was better understood.
- Mercury and Tauhara North No. 2 Trust hold resource consents to operate Ngā Tamariki via The Rotokawa Joint Venture.
- Geothermal fluid from the site is used to generate electricity with temperatures at the bottom of production wells reaching up to 290 degrees Celsius.
- Ngā Tamariki comprises 7 operating geothermal wells extending depths of more than 3,000 metres underground.
- Ngā Tamariki station normally runs 24/7, producing about 730GWh p.a. of electricity (enough to power ~103,000 households) – this will increase to 1,120 GWh p.a. or ~158,000 households once expansion is complete.
- Emissions intensity at Ngā Tamariki is the lowest in the Mercury-owned geothermal fleet. A separate station-wide non-condensable gas reinjection project (including the fifth generating unit) is forecasted to be delivered in FY26.

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.

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