

Z Energy Limited

Simplified disclosure prospectus

for the offer of senior, secured bonds
maturing on 15 November 2019



Joint Lead Managers



FORSYTH BARR



Institutional Bank

4 July 2012

This is a simplified disclosure prospectus for an offer of bonds that rank equally with Z Energy Limited's existing bonds, issued in September 2010 and in August 2011.

The bonds issued in September 2010 were originally issued by Greenstone Energy Finance Limited. Z Energy Limited became the substituted issuer of those bonds in June 2011.



Important Information

This Prospectus is a simplified disclosure prospectus prepared in accordance with regulation 10 of the Securities Regulations, and is dated and prepared as at 4 July 2012.

This Prospectus relates to an offer (the “Offer”) of Bonds by Z Energy Limited (“Z Energy” or the “Issuer”) that will rank equally with Z Energy’s existing listed bonds. These Bonds are being issued as part of the Bond Programme, and form one Tranche in one new Series of Bonds. Z Energy is offering up to \$100 million of Bonds to investors in New Zealand (with the option to accept up to \$50 million of oversubscriptions at Z Energy’s discretion).

Z Energy is subject to a disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the NZDX.

Capitalised Terms

Capitalised terms used in this Prospectus have defined meanings, which appear in the Glossary section or in the relevant section of this Prospectus where the term is used. All references to \$ are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand.

Registration

A copy of this Prospectus, signed by or on behalf of Z Energy’s directors and each Promoter, and having endorsed on it or attached to it the documents required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration under section 42 of the Securities Act. These documents are:

- copies of the NZX announcements referred to on pages 53 to 54;
- a copy of the audited financial statements of the Borrowing Group for the year ended 31 March 2012;
- the Bond Trustee’s statement as set out on page 64; and
- any relevant authorities where an agent has signed the Prospectus on behalf of a director of Z Energy or Aotea Energy Limited.

Selling Restrictions

This Prospectus does not constitute an offer of Bonds in any jurisdiction other than New Zealand. No action has been or will be taken by Z Energy which would permit a public offering of the Bonds, or possession or distribution of any offering material, in any country or jurisdiction other than New Zealand. Bonds may only be offered for sale or sold in compliance with all applicable laws and regulations in any relevant jurisdiction. No information memorandum, prospectus, advertisement or other offering material in respect of any Bonds may be published, delivered or distributed in or from any country or jurisdiction except in compliance with all applicable laws and regulations.

By subscribing for Bonds, each Bondholder indemnifies Z Energy, each Promoter, the Bond Trustee and the Joint Lead Managers in respect of any loss incurred as a result of the Bondholder breaching the above selling restrictions.

The Joint Lead Managers, the Arranger and the Bond Trustee have not independently verified the information contained in this Prospectus. In accepting delivery of this Prospectus, the recipient acknowledges that none of the Joint Lead Managers, the Arranger, the Bond Trustee nor their respective officers, employees, agents or advisers gives any warranty or representation of accuracy or reliability and they take no responsibility for the Prospectus. To the extent permitted by law, they have no liability for any errors or omissions (including for negligence) in this Prospectus, and each recipient waives all claims in that regard.

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Chairman's Letter



Dear investor,

Z Energy is pleased to announce a further issue of retail bonds, providing an opportunity for New Zealanders to invest directly in the Z Energy business and take an even greater stake in a locally owned and strategically important energy company.

Z Energy was launched as a new brand in May 2011, following Infratil and the New Zealand Superannuation Fund combining in April 2010 to purchase the downstream oil and fuel operations of Shell in New Zealand for NZ\$696.5 million. As at the date of registration of this Prospectus, the Z brand has entirely replaced the Shell brand across our retail network of assets and operations, and the few remaining Shell truck stops are scheduled to be rebranded well within the deadline required under the trade mark licence arrangements with Shell. Z Energy is now one of the country's most visible locally-owned brands, meeting around one third of New Zealand's entire fuel requirements for retail and commercial customers.

It might be easy to relate to Z Energy as a service station brand, yet, while our retail service stations represent half of our total fuel volumes and are a very important part of the business, the company is also responsible for the delivery of fuel directly to major commercial customers and the operation of some of New Zealand's most strategically important energy infrastructure assets.

Our assets include a 17.14% stake in The New Zealand Refining Company and a national network of retail service stations, truck stops and fuel storage and transport infrastructure, plus working capital and inventory.

Z Energy also holds a 25% shareholding in Loyalty New Zealand (which operates the Fly Buys loyalty scheme).

The initial roll-out of the Z brand has exceeded our expectations. Z Energy's commitment to customer service, particularly on the forecourt, has been welcomed by our customers.

Off the back of a powerful emerging brand position, Z is also delivering strong financial results, representing growth in Current Cost EBITDA year on year for the first full two years of operations.

Z Energy is making very pleasing progress building an iconic Kiwi brand and a strong and profitable business. We are committed to continuing to grow the Z business and build a powerful New Zealand brand for the benefit of New Zealand, our shareholders and bondholders.

This Prospectus details the financial performance of Z Energy and provides an overview of Z Energy's operations, management and structure, as well as details and important information in relation to this bond issue.

Thank you for your support.

A handwritten signature in black ink, appearing to read 'Marko Bogoevski'.

Marko Bogoevski



Important Dates

Opening Date	18 July 2012
Closing Date	10 August 2012
Issue Date	15 August 2012
Despatch of Allotment Statements	16 August 2012
Expected date of initial quotation on the NZDX	16 August 2012
Interest Payment Dates	15 February, 15 May, 15 August and 15 November of each year until and including the Maturity Date (commencing on 15 November 2012)
Maturity Date	15 November 2019

These dates are indicative only and are subject to change. Z Energy has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

Investors are encouraged to lodge their applications as soon as possible after the Offer opens. Interest on subscriptions to the extent they are accepted will accrue at the Interest Rate from (and including) the date on which those subscription moneys have been banked into the trust account for the Offer. Interest accrued up until the Issue Date will be paid within five Business Days of the Issue Date.

All of the Bonds may be reserved for subscription by clients of the Joint Lead Managers and other approved financial intermediaries. The aggregate

number of Bonds so reserved will be determined by Z Energy and the Joint Lead Managers on or before the Opening Date, but may be up to \$100 million (constituting 100% of the Bonds offered) and up to \$50 million of oversubscriptions (being 100% of any oversubscriptions). Z Energy and the Joint Lead Managers will determine the arrangements for Bonds not subject to Firm Allocations (if any) following the bookbuild and will announce those arrangements on or prior to the Opening Date.

Offer at a Glance

Issuer	Z Energy Limited
Type of Bond	Senior, secured, fixed rate, listed debt obligations of Z Energy.
Bond Programme	The Bonds will constitute a new Tranche in a new Series of bonds issued under the Bond Programme. As at the date of this Prospectus, two Series of bonds have been issued under the Bond Programme (Series 2016-1 and Series 2018-1). Neither Series has matured.
Use of Proceeds	The net proceeds of the Offer will be used to provide funding to Aotea Energy Limited to (a) repay bank debt, and (b) fund the Z Energy Group's general corporate purposes.
Opening Date of the Offer	18 July 2012
Closing Date of the Offer	10 August 2012
Issue Date	15 August 2012
Maturity Date	15 November 2019
Interest Rate	The Interest Rate will be announced to NZX on or before the Opening Date.
Interest Payments	The Bonds will accrue interest from the Issue Date, payable quarterly in arrears in four equal payments on 15 February, 15 May, 15 August and 15 November of each year, with the first payment due on 15 November 2012. Interest payments (including the first interest payment on 15 November 2012) for each Bond will be made to the person named in the Register as the Holder of that Bond on the Record Date for that payment.
Early Bird Interest	Z Energy will also pay interest to each Bondholder on subscriptions (to the extent they are accepted) at the Interest Rate for the period from (and including) the date on which subscription money is banked to the Offer trust account to (but excluding) the Issue Date. Early Bird Interest will be paid not later than five Business Days after the Issue Date.
Principal Amount/Issue Price	\$1.00 per Bond. The Issue Price is payable in accordance with the instructions under the heading "Application and Payment" on pages 45 to 46.
Issue Size	Up to \$100 million with the ability to accept oversubscriptions of up to \$50 million.
Subscription Amount	Bonds having an aggregate Principal Amount of at least \$5,000, and in multiples of \$1,000 thereafter.
Minimum Holding	Bonds having an aggregate Principal Amount of \$5,000.

Ranking

The Bonds will constitute senior secured obligations of Z Energy and rank equally with each other senior Series of bonds on issue (including Series 2016-1 and Series 2018-1). The Bonds will rank equally amongst themselves.

Bondholders and Z Energy Group's Banks share the same security on an equal ranking basis. Both Bondholders and the Banks rank behind Shell's security over crude oil products supplied by Shell (and their proceeds), and Z Energy's refined product supplier's security over products it supplies (and their proceeds), to the extent that Shell and the refined product supplier (respectively) have not received payment of the purchase price for those products. Bondholders also rank behind statutorily preferred creditors (including holders of Purchase Money Security Interests).

Shell also has security over certain of the Z Energy Group's other assets which ranks behind the security shared by the Bondholders and the Banks.

Generally, amendments and consents in respect of the Security shared by the Banks and Bondholders may be made or given on the Banks' Agent's instructions. This applies as long as the Bond Trustee is given notice of the amendment or consent and does not notify the relevant parties within 5 business days that, in its opinion, acting reasonably, the amendment or consent would have a material adverse effect on the rights or obligations of the Bond Trustee/Bondholders when compared with the effect on the rights of the Banks' Agent/Banks.

For further information in relation to the ranking of the Bonds, including circumstances in which other working capital providers may obtain priority over the Banks and Bondholders, see the section entitled "Priority of Security" on pages 57 to 58.

Guarantors

Under the Bond Documents, the Guarantors will guarantee the Bond Debt. Each member of the Z Energy Group that from time to time guarantees, and gives security for, Z Energy Group's bank debt is required to be a "Guarantor". As at the date of this Prospectus the Guarantors are:

- Aotea Energy Limited
- Z Energy Holdings Limited
- Z Energy Limited
- Greenstone Energy Finance Limited
- Harbour City Property Investments Limited
- Mini Fuels & Oils Limited.

As at the date of this Prospectus, Z Energy Group intends to amalgamate Greenstone Energy Finance Limited and Harbour City Property Investments Limited into Z Energy.

The Guarantee is not subject to any conditions.

Offer at a Glance

Quotation	Application has been made to NZX for permission to quote the Bonds on the NZDX and all the requirements of NZX relating to that application that can be complied with on or before the date of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. NZX is a registered exchange, and the NZDX is a registered market, each regulated under the Securities Markets Act 1988.
Ticker Code	NZX ticker code “ZEL030” has been reserved for the Bonds.
Who may apply	All of the Bonds may be reserved for subscription by clients of the Joint Lead Managers and other approved financial intermediaries. The aggregate number of Bonds so reserved will be determined by Z Energy and the Joint Lead Managers on or before the Opening Date, but may be up to \$100 million (constituting 100% of the Bonds offered) and up to \$50 million of oversubscriptions (being 100% of any oversubscriptions). Z Energy and the Joint Lead Managers will determine the arrangements for Bonds not subject to Firm Allocations (if any) following the bookbuild and will announce those arrangements on or prior to the Opening Date.
Brokerage	<p>Z Energy will pay brokerage on total applications of 0.75% to the Arranger. Such brokerage will be distributed as appropriate to NZX Firms and approved financial intermediaries for applications carrying that firm’s stamp.</p> <p>A Firm Allocation Fee of 0.50% in respect of Bonds allocated pursuant to a Firm Allocation will also be paid to the Arranger and distributed as appropriate to NZX Firms or approved financial intermediaries that have provided valid applications pursuant to a Firm Allocation.</p> <p>Applicants may be required to pay brokerage for the Bonds and should ask their broker or financial adviser for details of any charges.</p>
Underwriting	No amount of the Bonds will be underwritten.
Bond Trustee	Trustees Executors Limited (company number 142877).
Security	This is described under the heading “Bondholder security rights” on pages 55 to 59.

Bondholder put option on a Change of Control

Each Bondholder has a right to sell all (but not some) of their Bonds back to Z Energy before the Maturity Date if a Change of Control occurs. This right does not apply if the Change of Control is an IPO.

Under the Bond Documents, a Change of Control occurs when Infratil and the New Zealand Superannuation Fund, together with their respective associates, cease to hold or control, in aggregate, more than 50% of the voting rights of Aotea Energy Limited or any other entity that owns, or would directly or indirectly own, a significant portion of the assets of the Z Energy Group (a “**Relevant Company**”). This could occur, for example, as a result of:

- a Court approved scheme of arrangement which, when implemented, will involve a non pro rata change in shareholdings; or
- an amalgamation between a Relevant Company and another party.

For this purpose, “associate” and “voting rights” have the meanings given to them in the New Zealand Takeovers Code as set out in the schedule to the Takeovers Code Approval Order 2000.

If a Bondholder wishes to sell their Bonds back to Z Energy early in the event of a Change of Control that is not an IPO, the Bondholder will need to give Z Energy written notice within 20 days of being notified of the Change of Control. The purchase will then occur 90 days after notification of the Change of Control.

The redemption price for Bonds in these circumstances is the Principal Amount of the Bonds plus any accrued and unpaid interest (for the days elapsing from, and including, the last Interest Payment Date up to the relevant redemption date).

This right will not apply if the Change of Control occurs within 90 days of the Maturity Date. There would be no benefit to Bondholders to have such a right as the Maturity Date of the Bonds would occur prior to the purchase date.

Financial Covenant

The ratio of Total Debt (described more fully on page 56) to Covenant EBITDA of the Z Energy Group shall not exceed the lower of (i) 4.0, or (ii) the equivalent ratio for the Bank Facilities at the relevant time plus 0.5 (being, as at the date of this Prospectus, $3.00 + 0.5 = 3.50$). The financial covenant will be tested on 30 September 2012 and following that date every six months, each on a rolling 12 month basis.

However, an Event of Default will not occur unless this covenant is breached on two successive Test Dates.

Offer at a Glance

Distribution stopper

While a breach of the financial covenant continues, or any event of default under the Bond Documents or Bank Facilities is continuing, no distributions may be declared or made by any Guarantor to a non-Guarantor.

Prior ranking security for working capital

The security structure is intended to give preference to Shell in respect of crude oil products supplied by Shell but that have not been paid for (and their proceeds), and Z Energy's refined product supplier in respect of products it supplies but that have not been paid for (and their proceeds), after which Bondholders and Banks rank equally.

The Guarantors are also permitted to grant security to suppliers over goods that they acquire in the ordinary course of normal business, as long as certain criteria are met (detailed on page 57 under the heading "Suppliers' Prior Security"). This security would rank ahead of the Bondholders and Banks. However, Bondholders do not have the direct benefit of the provisions in the General Security Deed that limit the Guarantors' ability to grant security to other persons.

In certain circumstances (for example, if an Event of Default occurs), in order to continue trading, Z Energy will need to continue to procure crude oil and fuel. The product supplier or provider of working capital funding is likely to require priority over the particular products that it provides or funds, and their proceeds. The Bond Trustee may agree to this, if it considers it is in the best interests of Bondholders as a whole. No such arrangement exists at present.

In addition, although certain prepayments of core debt can be required to be shared proportionately between Banks and Bondholders if they are made following a financial covenant breach and the Security Trustee enforces the Security, this does not apply to repayments of working capital funding.

The Issuer

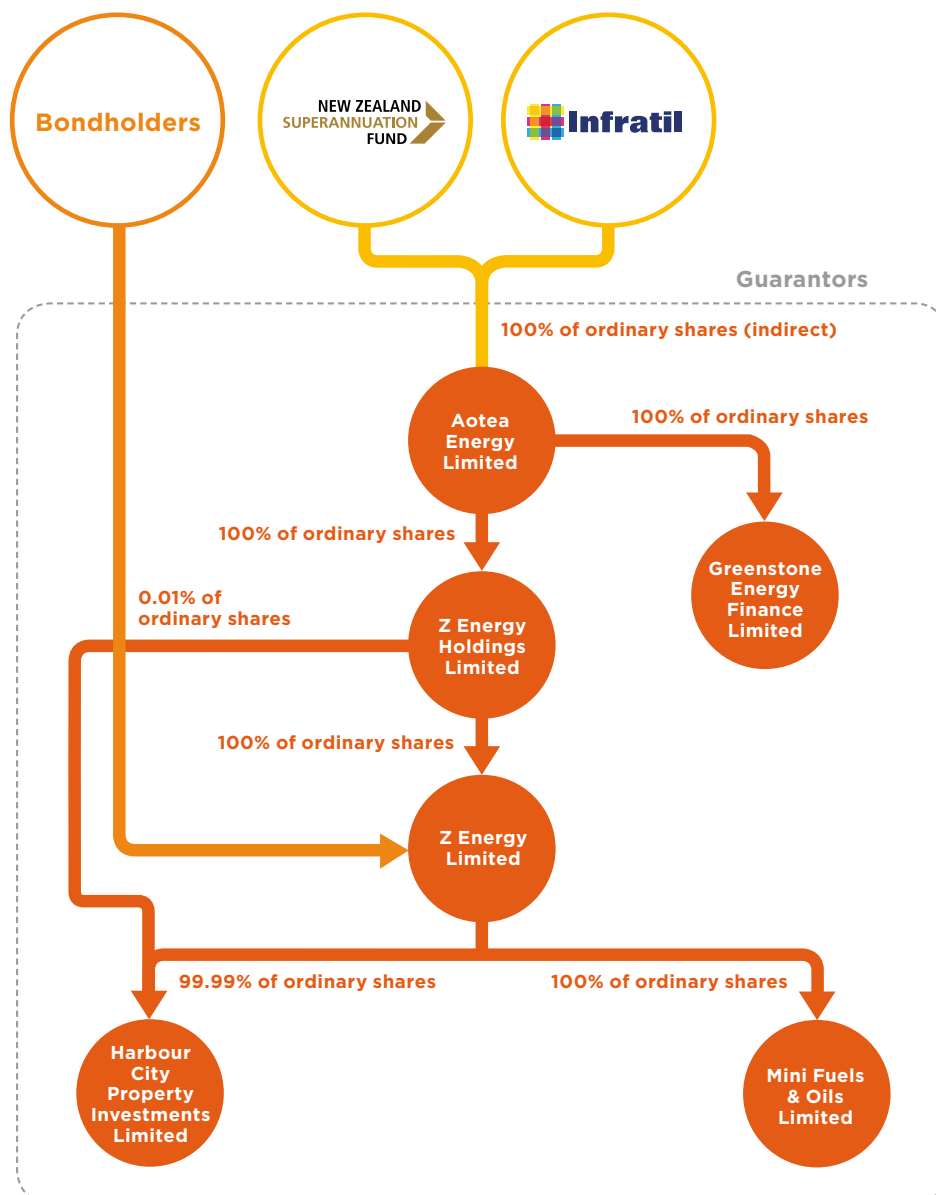
Z Energy Limited

Z Energy is a wholly-owned Subsidiary of Z Energy Holdings Limited, which is a wholly owned Subsidiary of Aotea Energy Limited, a company ultimately owned by Infratil and the New Zealand Superannuation Fund.

Z Energy will advance the proceeds from the Bonds to Aotea Energy Limited, which will in turn use those funds to repay advances currently made under its Bank Facilities. Aotea Energy Limited may also use some or all of the Bond proceeds it receives for the Z Energy Group's general corporate purposes.

The obligations of Z Energy under the Bonds are guaranteed by, and secured by the assets of, the Guarantors (except for certain excluded assets). Infratil and the New Zealand Superannuation Fund do not guarantee the Bonds.

As at the date of this Prospectus, Z Energy Group intends to amalgamate Greenstone Energy Finance Limited and Harbour City Property Investments Limited into Z Energy.



Group Overview

Z Energy Group's Activities

In April 2010, the New Zealand Superannuation Fund and Infratil acquired Shell's New Zealand downstream oil and fuel operations for NZ\$696.5 million. These assets included the 17.14% shareholding in The New Zealand Refining Company and the 25% shareholding in Loyalty New Zealand.

The operating company, Shell New Zealand, was renamed Greenstone Energy Limited immediately following the acquisition of the Shell downstream operations.

Since the acquisition, and until May 2011, fuel was sold under two brands. The Shell brand was used for sales through a network of approximately 208 retail service stations and 94 truck stops. The Greenstone brand was used for commercial sales and logistical functions.

On 11 May 2011, Greenstone Energy publicly launched a new brand, Z Energy, which (following completion of the rebrand of the network by the middle of July 2012) will replace both the Greenstone and Shell brands with a common New Zealand brand. Greenstone Energy Limited was renamed Z Energy Limited in May 2011. Z Energy has already replaced

the Greenstone brand in the commercial sales market and logistical functions and it is likely that Z Energy will complete the replacement of the Shell brand across the network by the middle of July 2012.

Z Energy Group's core activities encompass the purchase of fuel and crude oil in the international markets and the subsequent logistics, processing and transportation required to sell fuel throughout New Zealand. Z Energy distributes approximately one third of the fuel consumed in New Zealand and is the market leader in most sectors in which it sells fuel.

Neither the New Zealand Superannuation Fund nor Infratil guarantees any indebtedness (including the Bonds) of the Z Energy Group.



Procurement and Inventory

Each year Z Energy purchases and imports approximately two billion litres of crude oil and 500 million litres of refined products.



The crude oil is delivered to the Refinery in approximately 17 cargoes of 110 million litres each. Refined products arrive in New Zealand in smaller consignments of 35 to 45 million litres.

Z Energy's inventory comprises the crude oil which has been purchased and loaded onto ships, all the way through to the refined products in a service station storage tank. Over a normal year, inventory may vary in quantity between 300 million and 650 million litres.

Crude oil is purchased via an arrangement with Shell that is available to Z Energy until at least April 2013. This allows access to crude oil pricing relative to market benchmarks and vendor terms. Generally Z Energy pays 30 days after loading. Shell retains a priority security interest over crude oil products for which it has not received payment, and proceeds of those products (see further information about priority of security rights on page 57 under the heading "Suppliers' Prior Security"). Shell also has security over certain of the Z Energy Group's other assets which ranks behind the security shared by the Bondholders and the Banks. During 2011 Z Energy

ran a competitive procurement process for the supply of finished products. Z Energy now sources refined products through an intermediary from three leading Korean refineries. Under this contract the supplier retains a priority security interest over refined products for which it has not received payment, and proceeds of those products (see further information about priority of security rights on page 57 under the heading "Suppliers' Prior Security"). Z Energy is also obliged to provide a letter of credit to the supplier in certain circumstances. These letters of credit would be provided by the Z Energy Group's Banks, and would be secured as part of the Bank Facilities.

Z Energy has commenced a competitive procurement programme to evaluate, select and secure crude supply contracts to ensure the continuous supply of crude oil to meet the requirements of its manufacturing programme through the Refinery. As a downstream fuel distributor, Z Energy is well placed to benefit from the global crude supply market to ensure access to reliable and competitive crude supplies.



Refining and National Distribution

The Z Energy Group owns 17.14% of The New Zealand Refining Company and, like BP, Mobil and Chevron, has a contract to use the Refinery to process crude oil.

In the past, approximately 70% of the refined products distributed by Z Energy were obtained from the Refinery (utilising about 31% of the Refinery's capacity), and this has now increased to approximately 75% following the Refinery expansion.

The refining fee is set by reference to an international refining benchmark and provides Z Energy with an average cost that is competitive with the alternative of importing refined fuels that meet New Zealand specifications.

The New Zealand Refining Company also owns a terminal in Wiri, Auckland, and a 170 kilometre pipeline which links the Refinery to this storage and distribution facility. Z Energy's contract with The

New Zealand Refining Company allows for the use of this infrastructure, which is the least costly way to transport refined products from the Refinery to the Auckland market and surrounding region. The terminal at Wiri is operated by a joint venture between Z Energy, Mobil, BP and Chevron.

Z Energy's refined products are also distributed nationally from the Refinery by road tankers or in two coastal tankers which are jointly owned or leased by Z Energy, BP, Mobil and Chevron. The remainder of local demand is supplied from direct imports of refined products.

Terminals, Storage and Regional Distribution

Z Energy's fuel is stored in and/or distributed from terminals located at Marsden Point, Wiri/Auckland, Mt Maunganui, Napier, New Plymouth, Wellington, Nelson, Lyttelton, Christchurch, Timaru, Dunedin and Bluff.





The facilities and fuels stored at each terminal depend on regional demand for individual fuels (91 and 95 octane petrol, diesel, jet fuel, aviation gasoline and fuel oil).

Z Energy owns or leases facilities at 12 of the 13 locations where terminals are situated in New Zealand. In some instances, ownership and operation of storage and terminal facilities is undertaken jointly with one or more of BP, Mobil or Chevron. The sharing of storage and operations at terminals minimises over-capacity and operational duplication, providing efficiency to the relatively small and dispersed New Zealand market.

Fuel is distributed from the terminals by contracted road haulage to retail petrol stations, truck stops and directly to commercial customers. In Auckland, jet fuel is delivered to Auckland Airport by pipeline from Wiri. Marine fuels are distributed directly from port storage as well as by road tankers and barges.



Retail and Commercial Delivery

Z Energy has approximately 208 retail service stations of which approximately 102 are owned freehold, 101 are leased and 5 are independent.

Approximately 50% of Z Energy's total fuel sales volumes occur through these stations, an average of 5.8 million litres per annum per site.

Z Energy is considering the implications and merits of embarking on a sale and leaseback programme of some of its sites, including the implications of the mandatory prepayment obligations in the Bank Facilities. These obligations are described in more detail on page 59. A sale and leaseback programme would support the long term business plan of Z Energy, by enabling further investment in capital to support the growth of its core business.

As at the date of registration of this Prospectus, all of the retail service stations have been rebranded as "Z" and by the middle of July 2012, all truck stops will be operated and branded under the Z Energy brand.

The use of the "Shell" name and logo for some products and services until all sites are rebranded

is covered by an agreement between Z Energy and Shell.

Z Energy also owns 25% of Loyalty New Zealand, which operates the Fly Buys loyalty scheme.

Most service stations are operated by retailers who are licensed by Z Energy to manage a number of outlets. A retailer oversees all day to day operations, employs staff and owns and manages the procurement and sale of goods through the stations' shops. The retailer is paid a cents-per-litre fee on fuel sales, receives a share of the net margin on shop sales and must meet some of the operating costs.

The Z Energy Group sets the rules governing service station operations, including the price of fuel, except in relation to the independent sites contracted to Z Energy, who have complete discretion in this regard. Compliance with Z Energy's rigorously defined safety and services standards is mandatory.

In addition to its retail network, Z Energy has facilities for distributing fuel to commercial users.

Approximately half of Z Energy's fuel sales are for commercial use in shipping, mining, forestry, fishing, jet aircraft, construction, farming and land transport.

Z Energy owns and operates a national network of 94 truck stops that are purpose built for refuelling trucks. Truck stops are sited on main highway routes and in industrial areas. Most are unmanned and operate via a card and pin system. For commercial customers operating non-road-based businesses, such as mining and civil construction, fuel is delivered directly to their business and, in many cases, into bulk storage tanks supplied by Z Energy. Z Energy is also a key supplier of bitumen into the roading market.

International and domestic jet aircraft customers are supplied by Z Energy at Auckland and Christchurch

airports. Z Energy also operates a network of 51 general aviation refuelling facilities which, like truck stops, are unmanned and operated by a card and pin system.

International shipping customers are supplied by Z Energy via a purpose-built bunkering barge based in Auckland harbour and at other ports via pipelines from bulk terminals. Along with international vessels, Z Energy supplies fuel directly to domestic fishing customers in the key fishing ports of Dunedin, Timaru, Nelson and Auckland.

Z Energy owns 100% of Mini Fuels & Oils Limited (trading as Mini Tankers), a company that delivers diesel fuel directly into the running tanks of agricultural and construction machinery, home heating tanks and industrial generators.

The Business Model

Z Energy is a high volume, low margin business. Z Energy purchases and sells almost 51 million litres of fuel each week (on average). Profitability comes from the buy-sell margin, minus the costs associated with processing, transport, storage, distribution and retailing. While service station shop sales also contribute to earnings, they are less significant than the fuel margin.

Typically, the prices at which product is purchased and on-sold move together, which substantially reduces the risk associated with fluctuations in international oil prices or the value of the NZ Dollar.

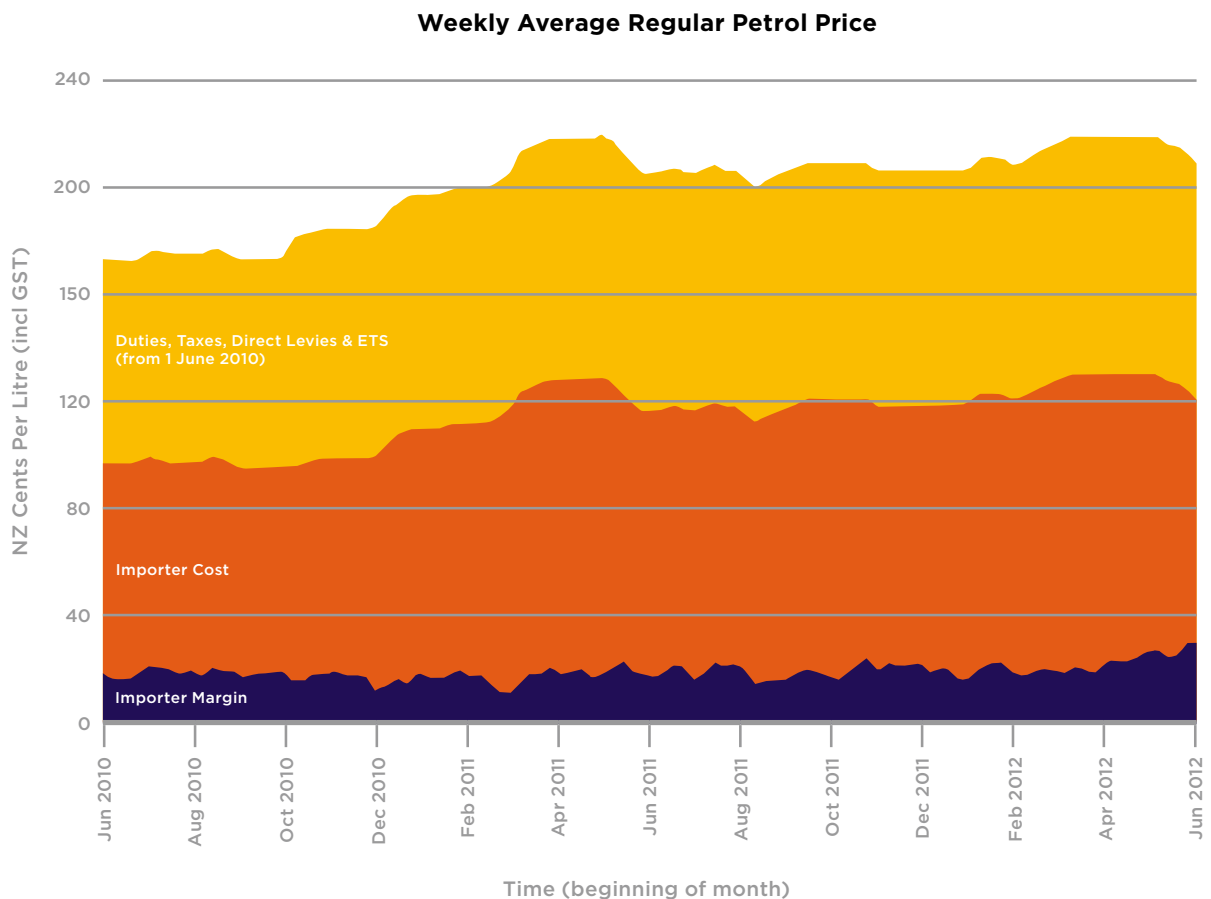
For the year ended 31 March 2012, the purchase and sale of fuel, including convenience retail and other income, provided an average gross margin of approximately 15.9 cents per litre. The 15.9 cents was after the cost of transporting product to New Zealand and refining but before deducting the cost of transporting the fuel from the port to consumers. After deducting these costs and other operating expenses, the Z Energy Group's net earnings were approximately 6.5 cents per litre. This is before interest, tax, depreciation and amortisations. Once all of these deductions are made the net profit after tax (on a current cost basis-CCS) ("**NPAT(CCS)**") was 3.0 cents per litre.

The performance of the Z Energy Group's businesses in the financial year ended 31 March 2012

	Per litre	Per week	Per annum
Gross margin	15.9 cents	\$8.1 m	\$422 m
EBITDA (CCS)	6.5 cents	\$3.3 m	\$172 m
NPAT(CCS)	3.0 cents	\$1.5 m	\$78 m

This calculation is simplified, but reflects the financial essence of the Z Energy Group's business. It also reflects the nature of a business which is selling 2.6 billion litres a year – fractions of a cent matter.

The Ministry of Business, Innovation and Employment (formerly the Ministry of Economic Development ("**MED**")) undertakes fuel price monitoring on a weekly-margin basis. Its graph of the last two years' pump prices for 91 octane petrol and the components which make up this price is shown on the following page. Over these two years there were both dramatic movements in price and periods of relative price stability. Throughout, the "Importer Margin" has been reasonably stable. (The "Importer Margin" is MED's calculation of the cents per litre a company such as Z Energy earns, importing and selling this particular fuel and is before deducting New Zealand distribution costs.)



<http://www.med.govt.nz/sectors-industries/energy/liquid-fuel-market/weekly-oil-price-monitoring>

Note: Please see the graph on page 31 for an international comparison of petrol prices

The MED (now the Ministry of Business, Innovation and Employment) monitors fuel importer margins, which provide an indication of pre tax and operating cost profitability, based on the costs of imported fuel products. These margins do not cover the shifting operating costs, interest costs or the supply, distribution and refining costs that come with running an integrated business which refines the bulk of its fuel domestically.

Although the MED's importer margin calculations only tell part of the story, for the reasons outlined above, they do serve to illustrate an important feature of Z Energy's business – that its earnings comprise a relatively small, stable margin.

Our People

Directors



Marko Bogoievski

BCA, MBA, ACA

Chairman

Marko Bogoievski is Chief Executive of Infratil, and Infratil's manager, Morrison & Co. He is also a director of Infratil Limited, TrustPower Limited and various Z Energy Group companies (among others). He was previously Chief Financial Officer of Telecom New Zealand, responsible for corporate finance, mergers and acquisitions and group strategy. He is a member of the New Zealand Institute of Chartered Accountants.



Alan Dunn

Member, Institute of Directors

Alan Dunn was Chief Executive and Chairman of McDonald's NZ from 1993 to 2004 before taking up senior management roles with McDonald's in Chicago and Sweden. In 2007 he returned to New Zealand to establish a consultancy specialising in business leadership and development. He is also a director of Burger Fuel Worldwide Limited, New Zealand Post Limited and various Z Energy Group companies (among others).



Paul Fowler

BS (Marine Engineering), ME (Nuclear Engineering), MBA, Fellow of Australian Institute of Company Directors

Paul Fowler recently retired as Chief Executive of Nyrstar NV, the world's largest producer of zinc metal. He was previously a senior executive with Zinifex, the Australian mining and smelting company which merged its smelting assets with those of the Belgium company Umicore to form Nyrstar. Previous experience included roles as Chief Executive of Fletcher Challenge Forests and Carter Holt Harvey Forests and 15 years with BP, including a period on the board of The New Zealand Refining Company. Paul is also a director of various Z Energy Group companies.

**Peter Griffiths**

BSc (Hons)

Peter Griffiths was previously Chairman of BP South West Pacific, and from 1999 to 2009 Managing Director of BP New Zealand. He started with BP in 1988 working in New Zealand and offshore, including on the boards of The New Zealand Refining Company, Liquegas Limited and Bitumix Limited. He is a director of Wanganui Gas Limited, New Zealand Oil and Gas Limited, New Zealand Diving and Salvage Limited, Northland Port Corporation (NZ) Limited and various Z Energy Group companies (among others).

**Lib Petagna**

BCA

Lib Petagna is an executive director of Morrison & Co, which he joined in 1990. He has experience in a broad range of corporate transactions in the energy and transport sectors in Australasia and Europe and leads Morrison & Co's wholesale funds management operations. He is a director of New Zealand Bus Limited, Infratil Infrastructure Property Limited, Greenfield Agribusiness Limited and various Z Energy Group companies (among others).

Our People

Management



Michael Bennetts

BBS and Diploma in Corporate Management

Chief Executive



Rob Freeman

General Manager Supply and Distribution



Mark Forsyth

BComm, Member, Institute of Directors

General Manager Retail

Mike joined Z Energy in 2010 after a 25 year career with BP in New Zealand, China, South Africa, the UK and Singapore. His last role was as Chief Executive of BP's Eastern Hemisphere supply and trading business whose markets included Asia Pacific, the Middle East and sub-Saharan Africa. He has had considerable past experience across a wide range of oil company activities having managed supply, trading and marketing businesses. He has managed both growth and turn-around activities and key external relationships.

As the first Chief Executive of a major New Zealand owned and managed downstream fuel company, Mike is responsible for combining the talents of the Shell industry-experienced personnel and the new management team to create a dynamic business with a unique style and culture. Z Energy has a strong heritage of customer focus, health and safety and results achievement, which will continue to be the basis for success in the future.

Rob joined Shell Australia in 1987 and has had senior management roles in commercial marketing, services, distribution and logistics. At Z Energy he is responsible for health, safety, security, environment and the entire supply chain, from sourcing crude oil and refined product from international markets to domestic distribution and supply of fuel products to customers. Rob is Chairman of New Zealand Oil Services Limited ("**NZOSL**"), and a director of Wiri Oil Services Limited ("**WOSL**") and Coastal Oil Logistics Limited ("**COLL**"). The NZOSL joint venture with BP operates the Z Energy terminals. The WOSL joint venture with BP, Chevron and Mobil operates the Marsden Point and Wiri terminals owned by The New Zealand Refining Company. The COLL industry joint venture arranges distribution to coastal terminals.

Mark is the General Manager of Retail for Z Energy. He is responsible for the operation of Z Energy's service stations and truck stops, as well as having group-wide responsibility for marketing, brand, retail operations and asset management. Mark is also a Director of Loyalty New Zealand. Prior to his role at Z Energy Mark has held various management positions with Royal Dutch Shell plc in New Zealand, the UK and Ireland and with various other companies in New Zealand, Australia and the UK.

**Lindis Jones**

BCOM (Hons), BSc, Masters in Finance

General Manager Commercial

Lindis joined Z Energy as General Manager Corporate from ANZ National Bank in May 2010. Previously he was with Shell for 13 years primarily in retail and strategy roles. Lindis assumed the role of General Manager Commercial in August 2011 where he is responsible for all business-to-business sales, strategy and operations including aviation, marine, bitumen, chemicals, bulk customers, Z Card and the wholly owned subsidiary, Mini Fuels & Oils Limited.

**Huma Faruqui**

Grad CIPD, BA (Hons) Financial Services, MHRINZ, PG Cert Management Studies, MBTI certification, SHL certification, MECI UK, IMUK Certificate in Management

General Manager Capability & Organisational Development

Huma joined Z Energy following the change of ownership in 2010 having previously had senior HR leadership roles for Vero Insurance, Telecom and a number of UK based multinationals.

She is responsible for Z Energy's whole people agenda including organisational development, training and development, capability, remuneration, leadership and culture.

**Rob Wiles**

BE (Hons), MSc, Postgraduate Diploma in Banking

General Manager Corporate

Rob has had a strong international career specialising in corporate finance, infrastructure, treasury management, mergers and acquisitions, strategy and business development. He also has experience in the development of start-up businesses. Rob is responsible for Z Energy's strategy, corporate finance, sustainability and external relationships. Rob was previously General Manager, Strategy, for the global wholesale banking operation for National Australia Bank based in Melbourne. Rob has held senior positions with NAB, Bank of New Zealand, Southpac Merchant Finance and National Bank of New Zealand.

Our People

Management



Mark Edghill

BSc (Hons), FCA, GAICD

Chief Financial Officer

Mark has 25 years' experience in finance, strategy and business development roles in Australia, Asia and Europe. He has considerable experience in growing company returns including a start-up in the Philippines for James Hardie and an Australian wireless communications infrastructure player, Crown Castle International. He is a member of the New Zealand Institute of Chartered Accounts and fellow of the Institute of Chartered Accountants in England and Wales.

Mark has responsibility for managing the finance and information technology functions for Z Energy.



Richard Norris

BCOM, Masters of Applied Finance

Treasurer

Richard has held senior treasury roles at Transpower and Meridian Energy with responsibilities covering capital markets activities, risk management, funding relationships, insurance and treasury dealing.

At Z Energy Richard has responsibility for debt funding and management of the risks and strategy associated with liquidity, interest rates, currency, carbon and commodity prices. He is accountable for managing financial counterparty relationships and compliance and reporting of financial obligations.



Meredith Ussher

LLB, BA

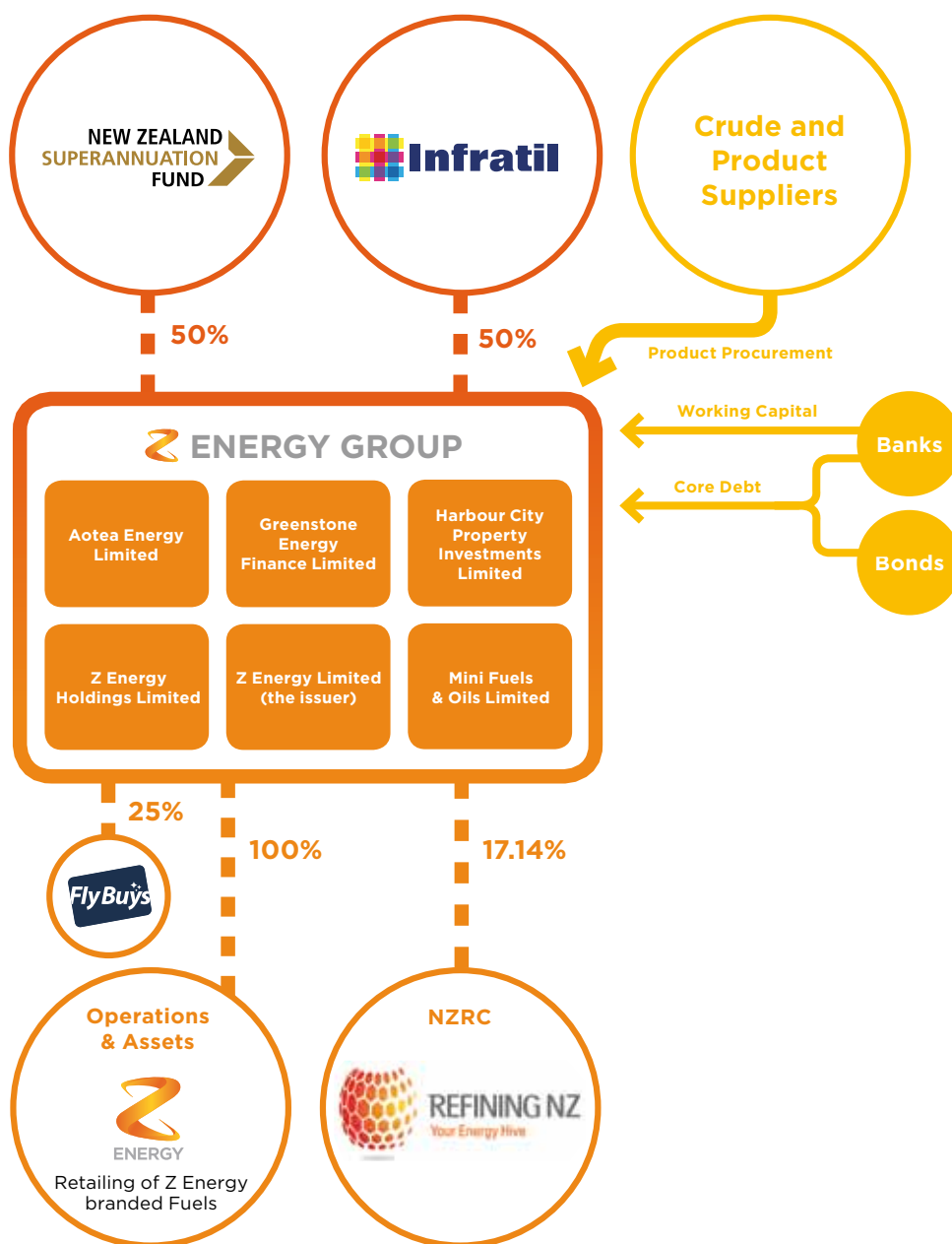
General Counsel and
Company Secretary

Previously with Todd Energy and the New Zealand Racing Board/TAB, Meredith is an experienced corporate lawyer in both the energy and franchise network industries. She also has a strong private practice history, having been a Senior Associate with Minter Ellison Rudd Watts.

Within Z Energy she has responsibility for all group legal risks as well as relevant strategic advice in respect of major contracts with key suppliers and customers.



Corporate Structure



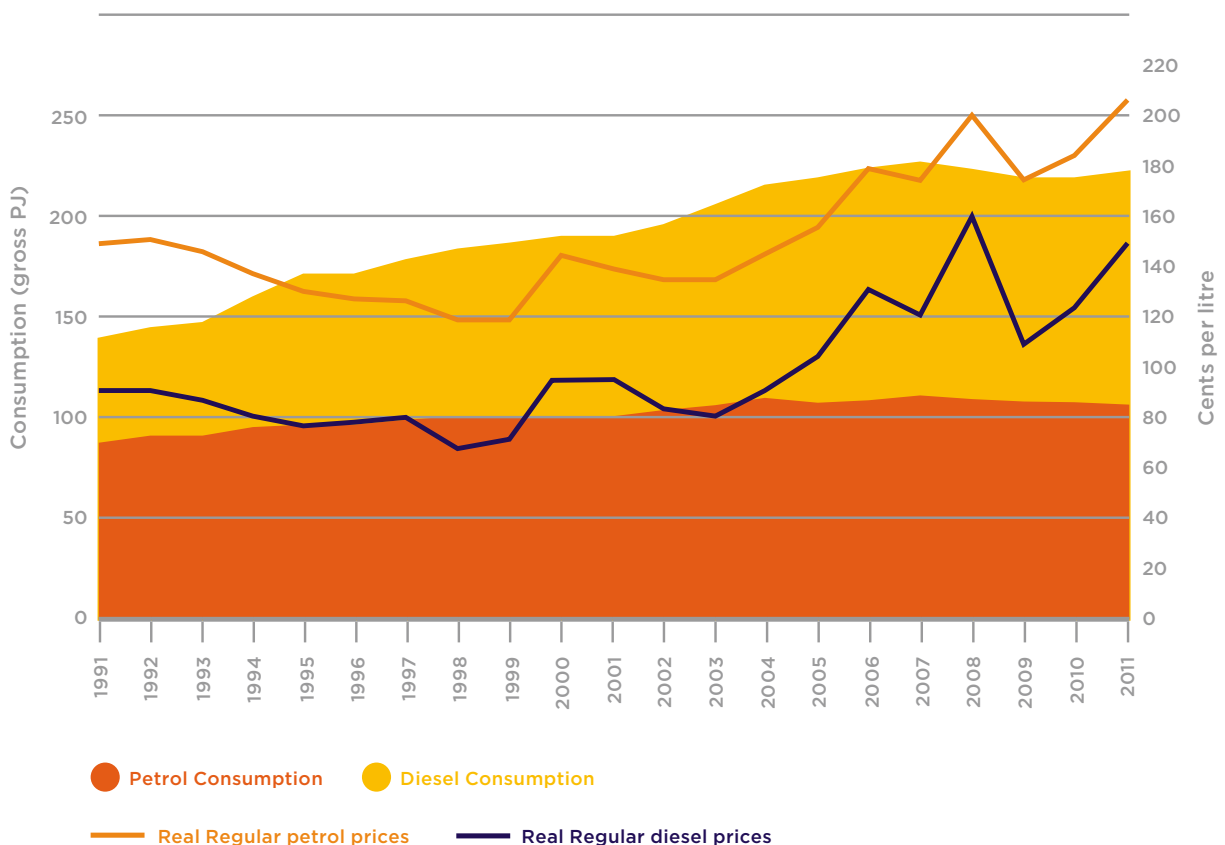
Z Energy's Operational Performance

A defining characteristic of the New Zealand fuels market is the relative stability of consumption and the muted impact of price over the long term. The following graph shows MED (now the Ministry of Business, Innovation and Employment) calculations of New Zealand petrol and diesel consumption since 1990 and the prices of these fuels (expressed in real terms).

From 1990 to 2008, economic growth and the New Zealand population has steadily increased. Diesel

consumption has increased in line with this growth, whereas petrol consumption has been comparatively flat, despite the number of cars on New Zealand roads increasing. The relatively flat petrol consumption is likely to have occurred as a result of increasing efficiency of new cars.

More recently, consumption has declined, potentially as a result of the general economic downturn. In 2012, petrol consumption declined by three percent, whilst diesel consumption increased by two percent.



Graphed information from the New Zealand Energy Data file <http://www.med.govt.nz/sectors-industries/energy/pdf-docs-library/energy-data-and-modelling/publications/energy-data-file/energydatafile-2011.pdf>

Z Energy's Operational Performance

Over this period the supply industry has changed. Over the last decade the New Zealand fuels market has evolved from having four approximately equal distribution companies to now having Z Energy and BP with appreciably higher market shares than Mobil and Chevron. Independent operators have also increased sales. Clearly, the market is very competitive, customers have a range of choices and it is up to each company to develop a value proposition which attracts and rewards customer loyalty.

Market Share

Fuel distribution involves operating substantial logistical and distribution infrastructure with net earnings arising from a small margin on the final price of a product sold. This must be done in a competitive market in which customers have choices as to which company they support.

Over the last 20 years, and following deregulation, distribution company margins have been subject to intense competitive pressure. At the same time, many unavoidable costs such as wages, utilities, credit card costs, insurance and compliance have risen. All the distribution companies have responded by reducing costs, most obviously by closing low volume service stations. Today New Zealand has many fewer service stations than it did 20 years ago (despite the number of cars having risen significantly over the same period).

Against this background all market participants reduced costs aggressively. However, BP and Z Energy (previously Shell New Zealand) also increased their absolute level of sales and market shares.

The company's performance over this period reflects success across the factors which are likely to influence consumers: convenience, the quality of fuels and products, service, price, and loyalty schemes. For instance, the Fly Buys loyalty scheme counts 70% of New Zealand households as active members and is an important influence for many consumers.

Maintaining high sales can result in a significant benefit if costs are relatively fixed. Z Energy's unit costs are lower as a result of higher throughput per service station. Today, an average Z branded service station dispenses approximately 5.8 million litres of fuel per year, approximately twice the average of the rest of the industry of less than 3 million litres.

This volume benefit also flows up the whole logistical chain.

The right balance of product sales

The Refinery produces a basket of refined products from the crude oil it processes on behalf of Z Energy. In order to optimise the type and quantity of each of these products, different types of crude are selected that yield the most suitable ratio of products required to meet market forecasts.

Maintaining and expanding capability

Any successful infrastructure business must sustain capability, which for Z Energy means investing to improve and expand storage, transport, terminal and distribution facilities. Z Energy's strategy is to invest to improve and expand its core facilities so as to grow its returns.

Looking to the long-term, Z Energy is planning how to continue to grow and consolidate its existing business, while at the same time extending what it does. Z Energy is presently working to methodically shift into new areas that will align with and sustain the business long term.

Independent retailers, supermarkets and "dockets"

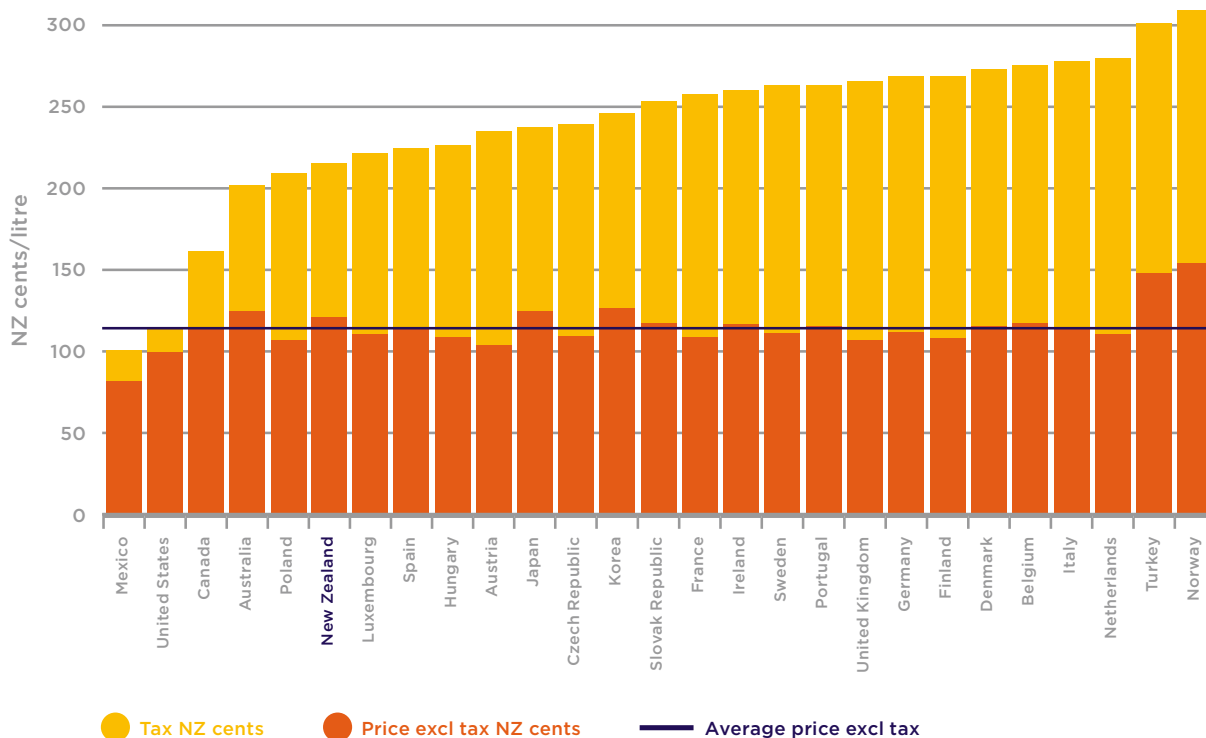
A feature of the last decade has been growing "independent" or "re-seller" fuel sales; that is fuel sales by an outlet not controlled by one of the four main distribution companies. However, the role of these companies as competing distribution companies is relatively limited as they buy most of their products from the four main distribution companies, although some direct importing also occurs. For instance, Pak'n Save, New World and G.A.S between them operate around 170 sites that are currently supplied by BP. Gull operates over 47 sites and has been supplied by both BP and Mobil in recent times.

Although Z Energy does not sell a material amount of fuel through petrol stations with “independent” brands, it does have a successful “dockets” agreement with Progressive Enterprises. Under this arrangement customers of Countdown, Fresh Choice and SupaValue supermarkets may receive a “docket” granting a discount when buying fuel at most Z Energy petrol stations. The cost of the scheme (including the fuel discount) is proportionately shared by Z Energy and Progressive Enterprises to reflect the parties’ respective assessments of benefits. Higher promotional discounts are predominantly funded by Progressive Enterprises.

Relative Cost

New Zealand’s location and market provide several challenges to a fuel distributor. It is far away from the sources of crude oil and consumers are relatively spread out over quite long distances. Yet pump prices, excluding tax, are internationally comparable, which is evidence of a highly efficient industry.

Quarterly Comparison of Premium Unleaded Petrol Price and Taxes in OECD Countries
(December Quarter 2011)



Ministry of Economic Development Oil Price Monitoring

<http://www.med.govt.nz/sectors-industries/energy/liquid-fuel-market/weekly-oil-price-monitoring>

Z Energy's Financial Performance

The financial information in this section relates to the Z Energy Group, being Aotea Energy Limited and its subsidiaries, which at the date of this Prospectus are the Guarantors (as detailed on page 5) and Greenstone Energy Pensions Limited, rather than the Borrowing Group¹.

The Z Energy Group's operational and financial performance over the last five years is set out in the following table, with the last two years' results reflecting local ownership by Infratil and the New Zealand Superannuation Fund. Operating throughput has been stable, notwithstanding occasionally very volatile oil prices and a generally weak New Zealand economy.

The first year of operation as a local company was focussed on ensuring a smooth transition. The second year has been focussed on building a new brand and implementing Z Energy's strategy. These two elements in partnership are the cornerstone of being a local company and have enabled Z Energy to post strong results in very competitive market conditions.

The Z Energy Group provides information on its earnings based on both Current Costs and historic costs. Management and capital providers focus

on Current Cost earnings before interest, tax, depreciation and amortisation as these reflect the underlying profitability of the business. This differs from the statutory disclosed historic cost earnings which take into account changes in the value of inventory. Fluctuations in oil prices change the value of the Z Energy Group's inventory and consequently also the historic cost reported results.

It should be noted that Current Cost earnings are used to calculate compliance with bank and bond covenants (as described under the heading "Bondholders' entitlement to repayment" on page 56). Historic cost earnings form the basis of the reported results and the calculation of income tax.

¹Greenstone Energy Pensions Limited is not a Guarantor. As at 31 March 2012, it was the trustee for the Z Energy Group's employee superannuation scheme, and as such the assets held on trust for the relevant employees were not consolidated into the Z Energy Group's financial statements. The value of Greenstone Energy Pensions Limited at 31 March 2012, as trustee of the employee superannuation scheme, was \$1.

Z Energy Group Pro-forma Consolidated Financial Results (extracted from audited financial statements that comply with NZ GAAP and other company records, and extracted from the underlying accounting records of the companies acquired from Shell for the years 2007-2009¹)

	Year Ended 31 March 2012	Year Ended 31 March 2011 ²	Year Ended 31 December 2009	Year Ended 31 December 2008	Year Ended 31 December 2007
OPERATIONAL PERFORMANCE					
Sales (million litres)	2,647	2,654	2,508	2,610	2,538
Retail sales as a % of total sales	47%	47%	50%	47%	49%
Average crude price	NZ\$137/bbl	NZ\$115/bbl	NZ\$95/bbl	NZ\$125/bbl	NZ\$98/bbl
Inventory at year end (million litres)	605	524	428	467	533
Inventory value (NZ\$ million)	671	549	334	305	454
FINANCIAL (NZ\$ MILLION)					
Revenue (excluding levies, taxes)	3,179	2,795	2,152	2,942	2,174
Gross margin	422	400	368	399	288
Operating costs	(250)	(243)	(230)	(245)	(208)
Current Cost EBITDA	172	157	138	154	80
Current Cost stock adjustment	30	62	38	(160)	70
NZRC contribution ³	4	10	3	32	33
Historic cost EBITDA	206	229	179	26	183
Depreciation and amortisation	(37)	(27)	(22)	(21)	(20)
Hedge revaluations & other	5	(10)			
External interest	(38)	(30)			
Tax	(36)	(57)			
Asset revaluations	-	121			
Net profit after tax	100	226			
Capital expenditure	74	29	25	31	33

¹This table is unaudited.

²Refers to the 12 month period commencing 1 April 2010 and ending 31 March 2011. The balance date for the Z Energy Group was 31 December previously.

³For the year ended 31 March 2012, NZRC contribution represents the aggregate of the Z Energy Group's 17.14% share of The New Zealand Refining Company's net profit before tax, but does not include other comprehensive income of that company.

The financial information in this table has been adjusted for certain re-classifications and to exclude discontinued operations. The Current Cost stock adjustment restates the inventory valuation from the current to historic cost. No data is shown for certain line items in the table for the financial years ending 31 December 2007, 2008 and 2009, as the relevant Shell entity (as a subsidiary of a multi-national group) did not separately account for those items.

Financial Performance 2012

For the year ended 31 March 2012, the Z Energy Group achieved Current Cost EBITDA of \$172 million, up 10% on the previous year. Sales revenue (excluding tax and levies on fuel) of \$3,179 million was up 14% on the prior period, mainly reflecting the increased cost of refined product. This also impacted cost of sales of \$2,757 million, which was up 15% on the previous year.

Operating costs of \$250 million were up 3% on the previous year, mainly as a result of increased costs associated with the brand rollout.

Z Energy's Financial Performance

Factors which influence earnings year to year

Past performance is not necessarily indicative of future results.

- Changes in oil prices are a source of volatility in reported earnings, but this is of limited relevance to pre-tax Current Cost EBITDA. Nor is it reflected in the calculation of the Z Energy Group's compliance with its Bond financial covenant (described on page 56 under the heading "Bondholders' entitlement to repayment").
- Fluctuations in the gross fuel margin impact cash earnings and over the last five years have ranged between 11.3 cents per litre and 15.9 cents per litre with an average of 14.5 cents. In 2007, the year of lowest gross margins, Shell New Zealand earned an average of 11.3 cents per litre on sales, with several factors contributing, including that:
 - the Refinery was out of commission for a period due to construction and maintenance work. This increased the amount of fuel Shell New Zealand was obliged to refine offshore at a higher cost; and
 - there was a period of particularly intense retail competition following the introduction of supermarket dockets in late 2006.
- Refining margins are also a source of earnings volatility. Over the last two years the annual return on the 17.14% shareholding in The New Zealand Refining Company ("NZRC") has ranged between \$4 million and \$10 million. The profitability of the NZRC mainly depends on the fee it charges for refining (volumes, costs and asset charges also matter but not to the same extent). This fee is contractually set by reference to international benchmarks. Globally, the fees refineries charge depend on the supply of, and demand for, refinery capacity. In 2012, the NZRC contribution was \$4 million, \$6 million lower than in 2011, due to refining margins falling. This was the result of a significant increase in surplus global refining capacity caused by new refinery capacity coming on stream at the same time that global demand for refined fuels reduced.

Z Energy Group Financial Position (extracted from audited financial statements that comply with NZ GAAP¹)

\$NZ millions	31 March 2012	31 March 2011
Land, Buildings, Plant and Equipment	470	431
Intangible Assets	25	38
Inventory	671	549
Receivables	246	226
Investment in NZRC	189	196
Cash and cash equivalents	17	8
Other Assets	8	6
Total Assets	1,626	1,454
Payables	469	387
Other Liabilities	73	93
Bonds	292	144
Bank Working Capital	33	15
Bank Core Debt	107	197
Equity	652	618
Total Liabilities and Equity	1,626	1,454

¹This table is unaudited.

Changes in the assets and funding of the Z Energy Group over the year are explained below.

• **Land, Buildings, Plant and Equipment.** The Z Energy Group's \$470 million of property, plant and equipment includes:

- freehold and leasehold land and buildings used as retail service stations and truck stops;
- plant and equipment for use in retail service stations and truck stops; and
- storage and distribution infrastructure assets, which include port storage facilities, airport storage and refuelling equipment and pipelines.

The increase in value of land, buildings, plant and equipment for the year ended 31 March 2012 is reflective of the increased capital spending of Z Energy.

- **Intangible assets** of \$25 million include, but are not limited to, carbon credits purchased for the settlement of carbon obligations and the right to participate in the Fly Buys loyalty scheme.
- **Inventories** of \$671 million, recorded at historic cost, comprise \$288 million of crude oil and \$383 million of refined products, which cover between two and three months' sales. At 31 March 2012, the Z Energy Group had 605 million litres of inventory on hand, which was up on 524 million litres at 31 March 2011. Inventory levels were increased at year end to accommodate an impending maintenance shut down at the Refinery.
- **Receivables** are largely made up of amounts due from customers that have been extended credit for sales made to them in the last 30 days. The higher receivables balance as at 31 March 2012 reflects increasing commercial fuel sales and higher refined fuel prices.
- **Investment in NZRC** represents Z Energy Group's 17.14% holding (or 48 million shares) in NZRC based on the carrying value of \$3.94 per share. The carrying value is the original purchase price, less dividends received, plus any equity earnings. For the year ended 31 March 2012, NZRC posted a loss reflected in other comprehensive income which reduced the value of the holding in NZRC.

On 31 March 2012, the share price closed at \$2.87, 27% below the carrying value of \$3.94. As a result Z Energy has assessed that there is an indicator of impairment. However, based on a Value In Use

("VIU") calculation using a discounted cashflow model, Z Energy has assessed that the VIU is higher than the carrying value. As such, no impairment of the investment was made.

- **Other assets** comprise derivative financial instruments (\$0.3 million), other non-current assets (\$0.2 million) and other investments (\$7 million).
- **Payables** is largely comprised of amounts owing to the Z Energy Group's suppliers of crude oil and refined products for which title has been received but for which the due date for payment is in the future. Payables are significantly influenced by the timing of crude and product shipments.
- **Other liabilities** include environmental and decommissioning and restoration provisions (\$26 million), derivatives (\$11 million), tax payable (\$15 million) and deferred tax liability (\$21 million).
- **Bonds** represent the value of the Z Energy Group's two existing Series of bonds (maturing in 2016 and 2018). The increase in the value of the bonds is as a result of Z Energy issuing a second series of bonds on 9 August 2011 with a face value of \$150 million.
- **Bank working capital debt** represents funds drawn down to fund the day to day operation of the company. As at the date of this Prospectus, the Z Energy Group has working capital facilities provided by its Banks amounting to \$350 million. The amount outstanding fluctuates depending on transactions, and at 31 March 2012 totalled \$33 million.
- **Bank core debt** represents a \$203 million revolving core debt facility representing bank borrowing other than working capital and hedging facilities. The amount outstanding fluctuates depending on transactions, and at 31 March 2012 totalled \$107 million.

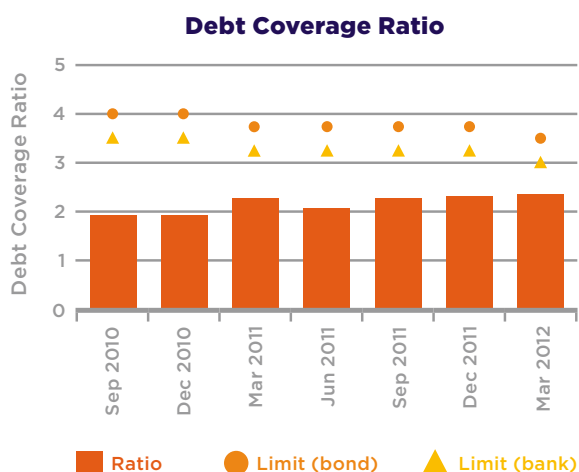
Compliance with Financial Covenants

The key financial ratio for Bondholders (described in more detail under the heading "Bondholders' entitlement to repayment" on page 56) measures earnings and debt and, as at 31 March 2012, required that Total Debt (which generally excludes working capital funding) cannot be more than 3.50 times Covenant EBITDA of the Z Energy Group (which is calculated on a Current Cost basis) of the previous twelve months.

Z Energy's Financial Performance

However, an Event of Default will not occur in respect of the Bonds unless this covenant is breached on two successive Test Dates. The bond covenant is set to be 0.5 higher than the corresponding bank covenant.

Quarterly compliance with the bond ratio is shown in the following graph. The maximum Debt Coverage Ratio reduced during the financial year ended 31 March 2012 from 3.75 to 3.50.



Bondholders also receive the indirect benefit of the financial covenants the Z Energy Group has in the Bank Facilities. This is because a default by the Z Energy Group in relation to the Bank Facilities that resulted in the Banks requiring early repayment of financial indebtedness of \$10 million or more is also an Event of Default for the Bonds. If this occurs, the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders of a Series must, declare the Bond Debt to be immediately due and payable. By way of example, if the current Bank Facilities' debt coverage ratio of 3.0 times Covenant EBITDA was exceeded, and the Banks required early repayment of more than \$10 million of financial indebtedness, there would be an Event of Default for the Bonds.

Assuming Total Debt (including fair value of derivatives) is at the same level as at 31 March 2012 (being NZ\$410 million), Covenant EBITDA of the Z Energy Group would have to fall by approximately NZ\$38 million (or 22%) to breach the bank debt covenant, and approximately NZ\$58 million (or 33%) to breach the bond covenant.

The Z Energy Group has maintained compliance with its financial covenants under the Bank Facilities.

Medium term earnings growth

The Z Energy Group has provided guidance that it anticipates Current Cost earnings to be higher in the financial year ended 31 March 2013 than they were in the financial year ended 31 March 2012. Z Energy Group's goal is to grow its earnings over the medium term. Local direction and management is expected to make the Z Energy Group more responsive to opportunities, and the shareholders have indicated a willingness to support growth investment. The structural changes to the New Zealand fuels industry and the Z Energy Group's relative willingness to invest in capacity are also expected to assist the Z Energy Group to lift earnings.

There are risks to the achievement of this target, in particular from increased competition in the retail and commercial markets, volatility in crude and finished product prices, domestic and global economic growth, and the potential effect on demand. See the section entitled "Risk Factors" on pages 40 to 43 for further information.



The New Zealand Refining Company

The Z Energy Group owns 17.14% of The New Zealand Refining Company, which is listed on the NZX. Over the last year, the market value of this holding ranged between approximately \$130 million and \$230 million. BP, Mobil and Chevron also own shares in The New Zealand Refining Company.

The New Zealand Refining Company, trading as Refining NZ, operates New Zealand's only oil refinery, which has been set up to produce fuels which meet the needs and specifications of the New Zealand market. It has recently increased its capacity and it will now process approximately 75% of the refined products consumed in New Zealand (up from about 70%).

The Refinery is exclusively used by Z Energy, BP, Mobil and Chevron, with individual allocations of capacity contractually determined for each user to reflect their respective shares of the New Zealand refined fuels market over the previous three years.

The Refinery receives a tolling income from its four oil company users that is defined in processing

agreements and is based on receiving fees based on international refining margins. These processing agreements benefit the Refinery when refining margins are very low as they guarantee a minimum level of income.

The relationship between refining margins/fees and The New Zealand Refining Company's earnings and profits are indicated by the company's results over the last five years. This is illustrated by the figures in the table below, which are taken from The New Zealand Refining Company's annual reports.

In addition to refining fees, The New Zealand Refining Company derives income from charging for the use of its pipeline to Auckland and its terminal facilities at Wiri.

Although the shareholding in The New Zealand Refining Company is significant to Z Energy, the agreement to use the Refinery is also important as it provides access to a mix of refined products which suit the specifications of the New Zealand market at a relatively attractive cost.



NZRC Results:

Year ended 31 December	2011	2010	2009	2008	2007
Throughput (barrels)	41.2m	39.0m	37.9m	39.1m	36.9m
Refining margin (per barrel)	US\$6.11	US\$6.17	US\$4.16	US\$11.30	US\$8.14
Processing fee income	\$223m	\$233m	\$189m	\$346m	\$286m
EBITDA	\$133m	\$157m	\$107m	\$242m	\$210m
Net profit after tax	\$35m	\$58m	\$24m	\$125m	\$112m
Dividends paid	\$36m	\$6m	\$72m	\$120m	\$108m

Continuous Catalyst Regeneration Platformer

On 27 April 2012, a majority of The New Zealand Refining Company's shareholders resolved to support an investment of \$365 million in a Continuous Catalyst Regeneration Platformer (the "**CCR Project**").

The CCR Project will replace NZRC's existing petrol making plant (semi regeneration platformer) that has been in operation for around 50 years.

NZRC has stated that the investment in the CCR Project will be funded by its own operating cashflows and a bank debt facility, and that shareholders (including Z Energy Holdings Limited) will not be asked to contribute further equity.

NZRC's commentary on the benefits, assumptions and project management aspects relating to the CCR Project are detailed at http://www.refiningnz.com/media/80576/explanatory_notes.pdf

Risk Factors

Principal Risks

The principal risks for you are that you do not recover the sum which you paid for the Bonds and/or you do not receive the expected returns on your investment. This could happen for a number of reasons including:

- if you wish to sell Bonds, the price at which they trade may be lower than the price you paid for them;
- there may be no ready market for the Bonds;
- Z Energy or a Guarantor or Guarantors may become insolvent or be placed in receivership, voluntary administration, statutory management or liquidation or cease to have sufficient assets to pay interest or principal to Bondholders;
- the operational and financial performance of Z Energy may be worse than expected;
- Z Energy may not be able to redeem the Bonds on the Maturity Date if it is insolvent;
- the Bonds may be redeemed or repurchased before the Maturity Date; and
- in the event of a change in company tax rates, individual income tax rates, or the way such rates affect a Bondholder's taxable income, such changes may impact on the returns to Bondholders.

Some risk factors are specific to Z Energy's business activities and some are of a more general nature. The risks set out in this section may individually, or in combination, affect the future operating performance of Z Energy and/or the returns on the Bonds.

Consequences of insolvency

A Bondholder could receive none of, or less than, the Principal Amount of, or expected returns on, the Bonds if Z Energy or any Guarantor became insolvent for any reason.

As the Bonds are senior, secured debt obligations, in a liquidation, receivership, voluntary administration or statutory management of Z Energy, the Bondholders' rights to payment of any moneys payable pursuant to the Bonds will rank equally with the Z Energy Group's Banks and any other Beneficiaries. However, they will rank after the claims of statutorily preferred creditors (including holders of Purchase Money Security Interests), Shell's security over crude oil products supplied by Shell for which it has not received payment, and their proceeds, and Z Energy's refined product supplier's security over products it supplies for which it has not received payment, and their proceeds. It is possible that other suppliers/working capital providers may obtain priority

in respect of the products they supply or fund. This is explained in more detail on page 58 under the heading "Potential for other working capital providers to acquire priority".

However, provided a Bondholder has fully paid for the Bonds it holds, it will not be liable to pay any money to any person as a direct consequence of holding Bonds if Z Energy or a Guarantor becomes insolvent, except that:

- any enforcement expenses and related costs would be paid in priority to amounts payable pro rata to the Bondholders (including existing Bondholders) and the Banks under the Security Trust Deed;
- in the unlikely event that Bondholders received or recovered more than their pro rata entitlement from Z Energy or Guarantors after enforcement of the Security, they may become liable to repay the excess to the Security Trustee (because Bondholders (including existing Bondholders) and the Banks share the Security on an equal ranking basis); and
- if the Bond Trustee on behalf of the Bondholders becomes liable to indemnify the Security Trustee or any other person pursuant to the Security Trust Deed, the Bond Trustee shall be indemnified by each Bondholder in respect of such liability pro rata to their holding. The Bond Trustee may retain and pay itself all amounts necessary to effect and satisfy this indemnity out of any amounts it holds on trust under the Master Trust Deed for each such Bondholder.

Transfer risk

If a Bondholder sells their Bonds before they mature, the price at which they are able to sell their Bonds may be less than the price they paid for them. This is because changes in market interest rates and other factors can affect the market value of the Bonds.

The price at which Bondholders will be able to sell their Bonds may also be affected by a deterioration, whether real or perceived, in Z Energy's creditworthiness, a lack of persons wishing to buy Bonds, or the lack of an established market or demand for the Bonds.

Market, liquidity and yield considerations

It is intended that the Bonds will be quoted on the NZDX. However, although a secondary trading market for the Bonds may develop over time, there can be no assurance of the liquidity of such a market. Consequently, Bondholders may not be able to sell their Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

The secondary market for the Bonds may be affected by factors independent of the creditworthiness of Z Energy or the Guarantors. These factors may include the time remaining to the maturity of the Bonds, the outstanding amounts of the Bonds, the number of such Bonds being sold in the secondary market, any legal restrictions limiting demand for the Bonds, availability of comparable securities and the level, direction and volatility of market interest rates generally.

No investor should purchase Bonds unless the investor understands and is able to bear the risk that the Bonds may not be readily saleable, that the value of the Bonds will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to the investor. This is particularly the case for Bondholders whose circumstances may not permit them to hold the Bonds until maturity.

Business Risks

The following risks have been identified by Z Energy management and are subject to mitigation, prevention and hedging.

Health, safety, security and environmental

Z Energy has a health, safety, security and environmental ("HSSE") management system that applies to all operations and assets. Specifically this includes, but is not limited to, Z Energy and Subsidiary staff, contractors and subcontractors and retail site staff.

Z Energy is subject to environmental and health and safety laws and regulations in connection with its operations, including, among other things, with respect to the ownership and operation of tanks for the storage and transport of petroleum products. Z Energy has established a compliance programme in relation to this legislation. One aspect of this programme is intended to ensure that the tanks are either replaced or upgraded to meet applicable leak detection and spill, overfill and corrosion protection requirements. However, there can be no assurances that these tank systems will at all times remain free from undetected leaks or that the use of these tanks will not result in significant spills or leakage. If leakage or a spill occurs, it is possible that the resulting costs of investigation and remediation, as well as any fines and penalties, could be significant.

There is a risk that compliance with existing or future environmental and/or health and safety legislation and regulations will require material expenditure by Z Energy or otherwise have a material adverse effect on its consolidated financial position, results of operations and/or cash flows.

Crude supply

Z Energy's crude oil supply is underpinned by contracts with Shell. These arrangements follow Shell's international standards and are available to Z Energy until at least April 2013. Z Energy has recently commenced a competitive procurement programme to evaluate, select and secure crude supply contracts to ensure the continuous supply of crude oil to meet the requirements of its manufacturing programme through the Refinery. As a downstream fuel distributor, Z Energy is well placed to benefit from the global crude supply market to ensure access to reliable and competitive crude supplies.

Product is shipped to New Zealand by large seagoing tankers. New Zealand is a signatory to the International Energy Agreement 1974, which requires that the Government takes steps to assure the availability of 90 days of net national demand.

Notwithstanding the steps taken by Z Energy and the New Zealand government, there is a risk that the international fuel market or the delivery of crude oil and refined product to New Zealand could be disrupted, or the product could be spilt or lost en route. Any of these situations could have a material adverse effect on Z Energy.

Z Energy's business has certain key contracts in place, including supply contracts for crude and refined products, and the Refinery contract, which are critical to business operations. If any of these contracts are terminated (in some cases, termination rights may be triggered by Z Energy's insolvency or receivership), Z Energy may suffer material adverse consequences.

Refined product

During 2011 Z Energy ran a competitive procurement process for the supply of finished products. Z Energy now sources refined products through an intermediary from three leading Korean refineries. Under this contract the supplier retains a security interest over refined products for which it has not received payment, and proceeds of those products (see further information about priority of security rights on page 57 under the heading "Suppliers' Prior Security"). Z Energy is also obliged to provide a letter of credit to the supplier in certain circumstances. These letters of credit would be provided by the Z Energy Group's Banks, and would be secured as part of the Bank Facilities.

Maritime operations

Z Energy is actively involved in the shipping of both crude oil and finished products from international markets to New Zealand and around the coastline of New Zealand itself.

Risk Factors

The import activity is carried out on Z Energy's behalf by international shipping specialists with each ship selected against stringent criteria for each voyage; this vetting process is conducted under internationally recognised standards. Coastal shipping is managed by the COLL joint venture. COLL primarily coordinates the movement of product from the refinery around the New Zealand coastline to the joint venture partners' terminals using two dedicated ships, the Kakariki and the Torea. The Kakariki is jointly owned by Z Energy, BP, Chevron and Mobil (25% share each), the Torea is on an exclusive time charter, and both vessels are operated to internationally recognised standards. Z Energy engages the services of international shipping specialists to provide on-going professional advisory services on the industry.

Notwithstanding the steps taken by Z Energy (and its joint venture partners for coastal shipping), there is a risk that the delivery of crude oil and refined product to New Zealand could be disrupted, or the product could be spilt or vessel lost en route. Any of these situations could have a material adverse effect on Z Energy.

Product quality

Z Energy's crude oil is processed by the Refinery to meet New Zealand fuel specifications. Imported refined product must also meet these specifications. There are certification checks throughout the refining process and distribution systems that are designed to minimise the risk of products that do not meet New Zealand fuel specifications being released to the market.

Notwithstanding the steps taken by Z Energy and the New Zealand government, there is a risk that the fuel could be contaminated after the refining process while being transported to a service station for distribution. There is also the risk that there is a failure in the certification process and the fuel is contaminated during processing. If such contaminated fuel was released to the market, there is a risk that legal claims could be brought against Z Energy.

Business continuity

Z Energy's business is heavily reliant upon strategic sites, including the Refinery and terminals (in particular the Wiri terminal and its associated pipeline), and other key infrastructure. A disruption of normal business at any of these facilities (which could be caused by, among other things, fire or explosion, earthquake, tsunami, storm, flood, epidemic, strike, act of war, civil unrest or terrorist act) could materially adversely affect Z Energy's business, both financially and by way of reputational damage.

Competitive position

The New Zealand fuel industry, in which Z Energy operates, is competitive and is subject to changing customer preferences. Z Energy's competitive position could deteriorate as a result of actions by existing competitors, the entry of new competitors or a failure by Z Energy to continue to achieve cost efficient sourcing of product or continue to meet its customers' changing needs. In addition, Z Energy faces competition in its transportation, storage or distribution of products. Taxation and funding costs could also harm Z Energy's position relative to its competitors.

Reputation and brand

Z Energy places a high value on its relationship with its customers. Z Energy has undertaken a rebranding and at the date of registration of this Prospectus, the Z brand has entirely replaced the Shell brand across its retail network of assets and operations, and the few remaining Shell truck stops are scheduled to be rebranded well within the deadline required under the trade mark licence arrangements with Shell. The continued use of the Shell brand at a few truck stop locations in July 2012 is done under licence conditions specified by Shell until 31 July 2012, at which time all truck stops are expected to be rebranded as Z Energy.

The reputation and value associated with the brands Z Energy uses could be adversely impacted by the failure by Z Energy to provide customers with the quality of product and service they expect, disputes or litigation with third parties such as regulatory bodies, employees, suppliers and customers, or adverse media coverage.

Changes in demand for fuels

Demand for the products supplied by Z Energy may decline as a result of both short-term and long-term factors, in particular economic conditions and technological developments. In the longer term it is likely that vehicles will become more fuel efficient and they could come to use fuels not currently supplied by Z Energy.

Property

Z Energy has ownership or leases of over 300 properties nationwide. Many of these sites are important, even strategic, to Z Energy. Events (which could include failure by Z Energy to meet lease terms or expropriation by authorities) that adversely affect Z Energy's ability to access these sites or the services provided from the sites could reduce Z Energy's access to products or markets or could raise costs or reduce revenues.

Z Energy could also be saddled with uncompetitively high property costs if it has acquired or leased property at high costs and/or the market value of property decreases.

Key personnel

Z Energy operates a substantial, complex business encompassing a significant number of standalone functions which are important to the overall integrity and financial outcome of the company. This requires staff with the necessary skills and experience, back up capability and succession.

The unanticipated absence for a prolonged period of a number of key staff could cause business disruption.

Over the past two years employment terms and conditions have been harmonised, thereby reducing any risk of unexpected legal employment costs and loss of key staff.

Cost and availability of funding

Z Energy relies on banks and various suppliers of crude and finished products through its terms of trade to provide working capital funding, and on banks and bondholders for core debt. Adverse changes in Z Energy's relations with the providers of funding or adverse changes in financial markets which reduced Z Energy's access to, or increased its cost of, funding would adversely impact on financial performance and financial position.

The Bonds will alter the maturity profile of Z Energy's funding, which will assist to mitigate this risk. Z Energy undertakes hedging to reduce the uncertainty of funding cost but this could be misapplied or ineffective.

Cost of supply

Z Energy sources its crude oil and refined product internationally. In doing so Z Energy is exposed to fluctuating commodity prices and exchange rates, which it manages through adherence to its risk management policies. While Z Energy engages in foreign currency and commodity price hedging, which limits its exposure, adverse movements in exchange rates or commodity prices, or ineffective management of these risks, may have an adverse impact on Z Energy's future financial performance and financial position.

Regulatory

Fuel is regarded as a crucial national good. Its availability and price is closely monitored by authorities and is of political interest. Although Z Energy makes every effort to ensure compliance, it remains possible that its activities could become subject to onerous, even expropriating, laws or regulations.

Litigation

Z Energy is subject to claims and legal actions arising from the normal course of its business activities. The outcomes are uncertain and could have adverse operational, reputational or financial consequences for Z Energy.

Global and New Zealand economy

The New Zealand economy could deteriorate, shrink, or become subject to disorder or inflation, raising Z Energy's costs and reducing the demand for Z Energy's products. Our economy is highly correlated to global economic conditions which remain fragile with potential downside. Presently these global conditions remain uncertain with focus on the instability in Europe, high unemployment and a slowing economy in the United States and slowing economic growth in China.

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The information in this section is provided in accordance with Schedule 12 to the Securities Regulations 2009.

Names, addresses and other information

Z Energy Limited is the issuer of the Bonds. Z Energy's registered office is 3 Queens Wharf, Wellington, 6011.

The directors of Z Energy are:

- Marko Bogoievski, of Wellington, New Zealand
- Alan Michael Dunn, of Mapua, New Zealand
- Paul Lightle Fowler, of Melbourne, Australia
- Peter Ward Griffiths, of Wellington, New Zealand
- Liberato Petagna, of Wellington, New Zealand

Aotea Energy Limited and each of its directors, are promoters of the Bonds (the "**Promoters**"). The directors of Aotea Energy Limited are:

- Marko Bogoievski, of Wellington, New Zealand
- Alan Michael Dunn, of Mapua, New Zealand
- Paul Lightle Fowler, of Melbourne, Australia
- Peter Ward Griffiths, of Wellington, New Zealand
- Liberato Petagna, of Wellington, New Zealand

The directors of Z Energy and Aotea Energy Limited may change from time to time without prior notice to Bondholders. Details of directors from time to time can be found by searching the relevant company at www.business.govt.nz/companies. The directors of Z Energy and Aotea Energy Limited can be contacted at Z Energy's address set out above and in the Directory on page 73 of this Prospectus.

Trustees Executors Limited is the trustee for the Bonds (the "**Bond Trustee**"). The Bond Trustee's address is Level 5, Maritime Tower, 10 Customhouse Quay, PO Box 3222, Wellington. The Bond Trustee is deemed to hold a temporary licence under the Securities Trustees and Statutory Supervisors Act 2011. This temporary licence will expire no later than 30 September 2012. The Bond Trustee has applied to the Financial Markets Authority to be licensed in respect of, among other things, debt securities such as the Bonds.

Experts and underwriter

No experts are named in this Prospectus, and the Offer is not underwritten.

Main terms of Offer

Brief description of the Bonds

The Bonds are debt securities and constitute direct senior, secured, fixed rate debt obligations of Z Energy. The Banks and Bondholders (including existing Bondholders) share the Security on an equal ranking basis. The Banks and Bondholders (including existing Bondholders) will rank behind Shell's security over crude oil products supplied by Shell for which it has not received payment, and their proceeds, Z Energy's refined products supplier's security over products it supplies for which it has not received payment, and their proceeds, and statutorily preferred creditors (including holders of Purchase Money Security Interests). More information on the security arrangements for the Bonds can be found on pages 55 to 59 under the heading "Bondholder security rights". The terms and conditions applicable to the Bonds are contained in the Bond Documents.

The Bond Trustee holds the right to enforce the obligations of Z Energy and the other Guarantors in relation to the Bonds for the benefit of Bondholders. The Bond Trustee does not guarantee the payment of interest or principal on the Bonds.

The Bonds bear interest at a fixed rate (being the Interest Rate). Interest is scheduled to be paid on the Bonds in arrears on each Interest Payment Date. A more detailed description of the Interest Rate that applies to the Bonds can be found under "Returns" on page 47.

The Principal Amount of the Bonds will be repaid by Z Energy on the Maturity Date. Bondholders have no right to redeem their Bonds before the Maturity Date, except in the case of a Change of Control (other than by way of an IPO) or an Event of Default (following acceleration of the Bond Debt). This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except following such a Change of Control, an Event of Default or by selling their Bonds in the secondary market (if one develops). More information on what is a Change of Control can be found on page 7.

Any agreement by the Security Trustee to expressly subordinate the Security to any other security interest would require both the Banks' and Bond Trustee's approval. However, Z Energy may grant security over its assets, as permitted by the Banks under the Security Documents, that by operation of law ranks ahead of the Security shared by the Banks and Bondholders (including

as described on page 57 under the heading “Suppliers’ Prior Security”).

Generally, amendments and consents in respect of the Security shared by the Banks and Bondholders may be made or given on the Banks’ Agent’s instructions, as long as the Bond Trustee is given notice of the amendment or consent and does not notify the relevant parties within 5 business days that, in its opinion, acting reasonably, the amendment or consent would have a material adverse effect on the rights or obligations of the Bond Trustee/Bondholders when compared with the effect on the rights of the Banks’ Agent/Banks.

In addition, Z Energy may from time to time, and without the consent of the Bondholders, issue further Bonds or other debt instruments, or borrow further amounts from or incur other indebtedness to the Z Energy Group’s Banks or other lenders, which ranks behind or, by virtue of sharing the Security, equally with the Bonds. However, under the terms of the Bond Documents, for so long as any Bonds remain outstanding, Z Energy must ensure that the Debt Coverage Ratio is not breached on two consecutive Test Dates. More information on the Debt Coverage Ratio can be found under the heading “Bondholders’ entitlement to repayment” on page 56.

Application has been made to NZX for permission to quote the Bonds on the NZDX and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this Prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this Prospectus. NZX is a registered exchange, and the NZDX is a registered market, each regulated under the Securities Markets Act 1988.

Z Energy intends that quotation of the Bonds on the NZDX will commence following the allotment of the Bonds on 16 August 2012. NZX ticker code “ZEL030” has been reserved for the Bonds.

Maximum amount

As at the date of this Prospectus, Z Energy is offering Bonds with an aggregate Principal Amount of up to \$100 million, with the ability to accept oversubscriptions of up to \$50 million (for a maximum amount of \$150 million).

Price of Bonds

The Principal Amount and Issue Price of each Bond is \$1.00.

Minimum amount

Applications to subscribe for Bonds must be for a minimum Principal Amount of \$5,000 (and in multiples of \$1,000 thereafter) and payment of the total application amount in full must accompany the Application Form. There is no maximum amount of Bonds you may apply for, but applications for less than \$5,000 will not be accepted. Some or even all of the Bonds being offered may be reserved for clients of the Joint Lead Managers and other approved financial intermediaries. The aggregate Principal Amount of Bonds so reserved will be determined by Z Energy and the Joint Lead Managers on or before the Opening Date, but may be up to \$100 million (constituting 100% of the Bonds offered) and up to \$50 million of oversubscriptions (being 100% of any oversubscriptions).

There is no assurance that any Bonds will be available in a public pool. The Joint Lead Managers and Z Energy will determine the arrangements for Bonds not subject to Firm Allocations (if any) following the bookbuild and will announce those arrangements on or prior to the Opening Date. Bonds (including any oversubscriptions) will be allocated at Z Energy’s sole discretion.

Application and payment

Applications must be made by way of the Application Form contained at the back of this Prospectus.

Applicants who are members of the NZClear System, or who are able to have payments made on their behalf through the NZClear System, may settle their applications for Bonds on the Issue Date through the NZClear System.

Applicants who are not members of the NZClear System must pay for the Bonds applied for by a personal cheque or by the direct debit facility as described in the “Application Instructions” section on pages 74 to 75 of this Prospectus.

Z Energy reserves the right to refuse all or any part of any application without giving a reason, including (but without limitation) where an applicant has not provided account details for payments by direct debit.

Any application money received in respect of an application which is not accepted by Z Energy by 5.00pm on the Closing Date of 10 August 2012, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as reasonably practicable after Z Energy decides not to accept the application and, in any event, within 10 Business Days of the close of the Offer.

If Z Energy accepts an application in part, the balance of the application money (without interest) will be refunded

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as soon as reasonably practicable and, in any event, within 10 Business Days of the close of the Offer.

Where an applicant's payment for Bonds is dishonoured, Z Energy may cancel any Bonds issued to that applicant and may pursue the defaulting applicant for damages suffered by Z Energy.

Applications cannot be withdrawn or revoked.

The Securities Act 1978 prohibits Z Energy from accepting applications or making allotments in the five working day period after the date of registration of this Prospectus ("**Consideration Period**"). The Consideration Period may be extended by the Financial Markets Authority by up to a further five working days or may be shortened by the Financial Markets Authority. The purpose of the Consideration Period is to enable this Prospectus to be examined prior to the raising of funds. Any applications received during the Consideration Period will not be processed until after the expiry of the Consideration Period.

Where to send your Application Form and payment

Applicants accepting a Firm Allocation from a NZX Firm or other approved financial intermediary must return a completed Application Form (together with means of payment) to the office of that financial intermediary as advised by that intermediary in time to enable forwarding to the Registrar before 5.00pm on the Closing Date.

Completed applications for any public pool (together with means of payment) may be lodged with the Joint Lead Managers, any NZX Firm or any other approved financial intermediary. Applications should be lodged as soon as possible in time for them to be forwarded to the Registrar before 5.00pm on the Closing Date. Applications can also be sent directly to the address of the Registrar:

Link Market Services Limited
PO Box 91976
Auckland 1142
New Zealand

Applications for the Bonds and accompanying payment must (if payment is not made through the NZClear System) be received by the Registrar by 5.00pm on the Closing Date.

No cooling off

There is no cooling off period during which an investor can cancel his or her investment in the Bonds.

Relationship with listed securities and ranking of securities

In a liquidation of Z Energy, the Bonds will rank equally with the other senior Series of Bonds listed on the NZDX, which as at the date of this Prospectus consist of two Series (Series 2016-1 and Series 2018-1) totalling \$297 million of issued bonds.

As at the date of this Prospectus, Shell has priority over crude oil products it supplies to Z Energy that have not been paid for, and their proceeds, and Z Energy's refined products supplier has priority over products it supplies to Z Energy that have not been paid for, and their proceeds. This security ranks in point of security ahead of the Bonds. Shell also has security over certain of the Z Energy Group's other assets which ranks behind the security shared by the Bondholders and the Banks.

As at the date of this Prospectus, amounts owing under the Bank Facilities, and the Series 2016-1 and Series 2018-1 bonds are the only securities that are secured by a mortgage or charge over any assets of the Z Energy Group ranking in point of security equally with the Bonds.

Issue Expenses

Applicants pay no fees or charges to invest in the Bonds (but may be required to pay brokerage, and should ask their broker or financial adviser for details of any charges). Z Energy will pay brokerage on total applications of 0.75% to the Arranger. Such brokerage will be distributed as appropriate to NZX Firms and approved financial intermediaries for applications carrying that firm's stamp.

A Firm Allocation Fee of 0.50% in respect of Bonds allocated pursuant to a Firm Allocation will also be paid to the Arranger and distributed as appropriate to NZX Firms or approved financial intermediaries that have provided valid applications pursuant to a Firm Allocation.

Issue expenses, including brokerage, legal, accounting, audit, registry, printing, distribution and promotion fees and expenses, and other fees to be incurred, are estimated to be approximately \$2 million based on an issue size of NZ\$100 million and are payable by Z Energy. Z Energy will incur further issue expenses at the time of issue of each further Series or Tranche of Bonds.

Returns

It is not possible to quantify as at the date of this Prospectus the exact amount of returns Bondholders will receive, and therefore no such amount can be promised by Z Energy. The key factors that determine the returns on a Bondholder's investment are:

- the Interest Rate;
- whether or not the Bonds are redeemed or repurchased before the Maturity Date;
- Z Energy's financial condition;
- any applicable taxes (see the section entitled "Taxation" on pages 47 to 49); and
- the other risk factors described under the heading "Risk Factors" on pages 40 to 43.

Interest Rate

Z Energy will pay interest on the Principal Amount of each Bond at the fixed Interest Rate. The Interest Rate will be announced to NZX on or prior to the Opening Date.

Applicants can obtain details of the Interest Rate applicable to the Bonds by contacting any of the Joint Lead Managers or any broker, bank or NZX Firm or their investment adviser.

Early Bird Interest will be calculated based on the number of days elapsed from (and including) the date on which a Bondholder's application monies have been banked into the trust account operated in respect of the Offer to (but excluding) the Issue Date. Early Bird Interest will be paid to each Bondholder within five Business Days of the Issue Date in respect of the portion of that Bondholder's application that is accepted.

Otherwise, interest will be payable on each Interest Payment Date to the Bondholder as at the Record Date immediately preceding the relevant Interest Payment Date. Interest will be payable in arrears in equal, quarterly instalments. If an Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the next day which is a Business Day, without adjustment or further payment as a result thereof.

Where interest must be paid before an Interest Payment Date (for example due to the exercise of a Bondholder put option following a Change of Control (other than an IPO), or acceleration of the Bond Debt following an Event of Default) it will be calculated on a 365 day year basis.

Repayment of Principal Amount on Maturity Date

The Principal Amount of the Bonds will be repaid by Z Energy on the Maturity Date.

Redemption by Bondholders

Bondholders have no right to redeem their Bonds before the Maturity Date unless a Change of Control (other than an IPO) occurs or an Event of Default occurs. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date except following such a Change of Control, an Event of Default (following acceleration of the Bond Debt) or by selling their Bonds in the secondary market (if one develops).

Acceleration of Bonds on Event of Default

Upon the occurrence of any of the Events of Default for the Bonds, and for so long as it is continuing, the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders must, declare the Bond Debt to be immediately due and payable.

The Events of Default are listed in the Bond Documents and are summarised under the heading "Bondholders' entitlement to repayment" on page 56.

If the Bonds are repaid prior to their Maturity Date, the returns the Bondholders may receive will be different from the returns they would have received if the Bonds were repaid on their Maturity Date.

Taxation

Your returns will be affected by taxes. If a law requires Z Energy (which for the purposes of this section of this Prospectus includes the Registrar acting on Z Energy's behalf) or the Bond Trustee to deduct an amount in respect of taxes from a payment to a Bondholder, then the Z Energy or the Bond Trustee will deduct the amount for the taxes and pay it to the relevant authority. Neither Z Energy nor the Bond Trustee is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Bondholder as a consequence of or otherwise in connection with such deduction.

The information set out below relates solely to New Zealand taxation and does not constitute taxation advice to any Bondholder. The information is believed by Z Energy to be correct as at the date of this Prospectus. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Bonds. There may be taxation changes in the future which affect your position. You should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances.

All Bondholders (including those resident outside New Zealand) must give written notice to the Registrar (or,

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where applicable, to the custodian/nominee registered as the Bondholder in respect of Bonds held on behalf of the beneficial owner) of their country of residence for taxation purposes and, if not New Zealand tax resident, whether the Bondholder is engaged in business in New Zealand through a fixed establishment in New Zealand. A Bondholder must give notice to the Registrar of any change to their country of residence for taxation purposes, including whether they are engaged in business in New Zealand through a fixed establishment in New Zealand.

In this section:

- (a) Bondholders who are resident in New Zealand for taxation purposes are referred to as “**Resident Bondholders**”.
- (b) Bondholders who are not resident in New Zealand for taxation purposes but who are engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as “**New Zealand Branch Bondholders**”.
- (c) Bondholders who are neither resident in New Zealand for taxation purposes nor engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as “**Non-Resident Bondholders**”.

Resident withholding tax

For Resident Bondholders and New Zealand Branch Bondholders, resident withholding tax (“**RWT**”) will be deducted from the gross amount of interest paid or credited to them in accordance with the provisions of the Income Tax Act 2007.

As at the date of this Prospectus, individual Bondholders who are subject to RWT and have provided their IRD Number to the Registrar/Z Energy will be able to elect one of the following RWT rates:

- 33%
- 30%
- 17.5% or
- 10.5%. This particular rate can only be elected if the Bondholder has a reasonable expectation at the time of making the election that his or her income for the income year will be \$14,000 or less.

For individual Bondholders who have not provided their IRD Number to the Registrar/Z Energy, the applicable rate of RWT at the date of this Prospectus is 33%. Special rules apply regarding the RWT rates that can be elected by certain Bondholders who are trustees.

As at the date of this Prospectus, a company Bondholder

(other than a Maori authority or a trustee, unless that Maori authority or trustee is also a Portfolio Investment Entity) that has provided its IRD Number to the Registrar/Z Energy will have RWT deducted at the rate of 28%. Such a company Bondholder can, by notice in writing to the Registrar/Z Energy, elect to have a higher rate of RWT deducted if it so wishes.

For company Bondholders who have not provided their IRD Number to the Registrar/Z Energy, RWT will be deducted at the rate of 33%.

RWT will not be deducted where a Bondholder provides a copy of a current RWT exemption certificate to the Registrar/Z Energy.

Depending on an individual Bondholder’s level of annual income, electing an RWT rate lower than the individual Bondholder’s personal marginal tax rate may result in a requirement to file a tax return (or the provision of an income statement by Inland Revenue) to account for the tax shortfall. Conversely, if an individual Bondholder elects an RWT rate higher than the individual Bondholder’s personal marginal tax rate, a tax return may need to be filed in order to obtain the relevant tax refund. Investors are urged to seek tax advice in this respect by reference to their particular circumstances.

Bondholders should notify the Registrar/Z Energy of any changes to their elected RWT rate as a result of changes to their particular circumstances.

Approved issuer levy and non-resident withholding tax

This Prospectus does not constitute an offer of Bonds in any jurisdiction other than New Zealand (see the inside front cover of this Prospectus under the heading “Selling Restrictions”).

Z Energy has registered, or will register, as an “approved issuer” and has registered, or will register, the Bonds and the application monies as “registered securities” with Inland Revenue for the purposes of the Approved Issuer Levy (“**AIL**”) regime. Unless otherwise agreed, or if the Bonds satisfy certain requirements allowing the interest to be paid without deducting non-resident withholding tax (“**NRWT**”) or AIL (see below), Z Energy will, via the Registrar, deduct and pay AIL (currently 2% of amounts treated as interest) from payments made or credited to Non-Resident Bondholders (except those Non-Resident Bondholders who derive interest jointly with a New Zealand resident). The amount of the AIL will be reimbursed to the Registrar/Z Energy by deducting the same from the interest otherwise to be paid or compounded to or for the benefit of the Non-Resident Bondholder.

It is expected that the Bonds should satisfy the

requirements introduced by the Taxation (International Investment and Remedial Matters) Act 2012 which allow interest to be paid without deducting NRWT or AIL. If this is the case, then the Registrar/Z Energy will not deduct NRWT or AIL, where it is lawfully able, from payments made or credited to Non-Resident Bondholders.

Non-Resident Bondholders may request, by written notice to the Registrar/Z Energy, that AIL not be deducted from interest paid or credited in respect of their Bonds, and that NRWT be deducted instead, at the rate required by law (as reduced by any applicable double tax agreement, where the Non-Resident Bondholder provides satisfactory evidence to the Registrar of entitlement to such reduced rate).

If the Non-Resident Bondholder derives interest under the Bonds jointly with one or more Resident Bondholders then NRWT must be deducted from the interest paid or credited to the Non-Resident Bondholder at the applicable RWT rate. In such cases, the Non-Resident Bondholder may be entitled to claim a refund of NRWT to the extent that NRWT was deducted at a rate higher than that set out in any applicable double tax agreement.

New Zealand income tax implications

By acquiring the Bonds, Resident Bondholders and New Zealand Branch Bondholders who acquire the Bonds for the purpose of the business which they carry on through their New Zealand fixed establishment will be entering into a financial arrangement which is subject to the “financial arrangements rules” in the Income Tax Act 2007. Interest paid to these Bondholders under the Bonds will be income that is taxable at the Bondholder’s relevant tax rate (with a credit for RWT deducted – see above).

The timing of that income will be governed by the financial arrangements rules. The financial arrangements rules require that income or expenditure arising in relation to the Bonds be spread over the life of the Bonds using an applicable method under those rules.

Bondholders who are “cash basis persons” for the purposes of the financial arrangements rules will be entitled to recognise income on a receipt basis. Bondholders who are not cash basis persons will be required to spread the income or expenditure using the spreading methods prescribed in the financial arrangements rules. Methods available will depend on the particular circumstances of the Bondholder.

The financial arrangements rules may cause Bondholders to derive income or incur an expense on the transfer of the Bonds held by them. For example, if a gain is made

on the transfer of the Bonds by Bondholders to whom the financial arrangements rules apply, the “base price adjustment” performed under the financial arrangements rules will bring the gain to account for New Zealand tax purposes and will cause that gain to be included in the Bondholder’s income. Where a Bondholder incurs a loss on the transfer of the Bonds, this loss may be deductible to the Bondholder in some limited circumstances.

The financial arrangements rules may also apply to certain Non-Resident Bondholders who are trustees of a trust which has a New Zealand taxation resident settlor.

Although the financial arrangements rules do not apply to New Zealand Branch Bondholders who do not acquire the Bonds for the purpose of the business which they carry on through a New Zealand fixed establishment, and also do not apply to Non-Resident Bondholders (except in limited circumstances as noted above), those categories of Bondholders may potentially be subject to New Zealand tax on any gains on sale of the Bonds.

Bondholders should ascertain whether New Zealand’s provisional tax rules apply to their individual situations.

Reserves or Retentions

Your returns will not be affected by duties, reserves or retentions.

Person legally liable to pay returns

The person legally liable to pay interest and the Principal Amount of the Bonds is Z Energy.

Guarantors

Under the Bond Documents, the Guarantors guarantee the Bond Debt for the Bonds. Any member of the Z Energy Group that from time to time guarantees, and gives security for, the Z Energy Group’s bank debt is required to be a guarantor of the Bonds. As at the date of this Prospectus, the Guarantors are:

- Aotea Energy Limited;
- Z Energy Holdings Limited;
- Greenstone Energy Finance Limited;
- Z Energy Limited;
- Harbour City Property Investments Limited; and
- Mini Fuels & Oils Limited.

However, as at the date of this Prospectus, Z Energy Group intends to amalgamate Greenstone Energy Finance Limited and Harbour City Property Investments Limited into Z Energy.

The guarantee is not subject to any conditions.

Statutory Information

The Total Tangible Assets and Covenant EBITDA of the Guarantors must comprise 95% of the Z Energy Group Total Tangible Assets and Z Energy Group Covenant EBITDA respectively, which is the same guarantor coverage ratio agreed with the Banks. If the Banks agree to change the guarantor coverage ratio for the Bank Facilities, then the guarantor coverage ratio in the Bond Documents will change accordingly upon two Z Energy directors certifying the new ratio to the Bond Trustee. For the avoidance of doubt, it is noted that the Guarantors currently include Z Energy Holdings Limited, which holds the 17.14% shareholding in The New Zealand Refining Company.

Z Energy and the other Guarantors have also granted in favour of the Security Trustee the General Security Deed and the Mortgages. The Mortgages give the Security Trustee security rights over all freehold land valued at more than \$1 million owned by the Guarantors. Security rights will be amended or waived if the Banks' Agent agrees to it, no matter how much the Banks are owed (if anything). Further, Bondholders do not receive the direct benefit of certain provisions of the General Security Deed, including the restrictions on the granting of further security (other than permitted exceptions) and the disposal of assets. Full details of the provisions of the General Security Deed that do not apply to Bondholders are set out in the Supplemental Trust Deed.

The Banks' Agent is also entitled to instruct the Security Trustee to release all or part of the Secured Property from the Security, without the consent of the Bond Trustee.

However:

- if an amendment or waiver expressly subordinates any Security, the Bond Trustee's prior written consent to that amendment or waiver is required; and
- if the Bond Trustee considers that an amendment or waiver would have a material adverse effect on Bondholders as compared to the Banks, it has five business days to notify the Security Trustee (among others). If it does not give this notice, the amendment or waiver can proceed.

In relation to releases of any Guarantor from all its obligations under a Security Document (and the property that is subject to that Security Document):

- the Bond Trustee must instruct the Security Trustee to provide that release if it is requested to do so by the Guarantor and it is obliged under the Master Trust Deed to release that Guarantor from its guarantee granted under the Master Trust Deed;
- the Security Trustee will provide the release if it is instructed to do so in writing by both the Banks' Agent and the Bond Trustee.

However, these provisions do not alter the ability of the Banks' Agent to instruct the Security Trustee to release all or part of the Secured Property from the Security without the consent of the Bond Trustee.

If the Banks agree to release the Security entirely, then Bondholders' security rights will be replaced by a negative pledge covenant equivalent to that in the Bank Facilities at that time.

Infratil and the New Zealand Superannuation Fund will not guarantee the Bonds and are not Guarantors. Z Energy and the Guarantors are associated persons for the purposes of the Securities Act, as they are under the control of the same persons.

The Guarantors that are not guaranteeing subsidiaries are Aotea Energy Limited, Z Energy Holdings Limited and Greenstone Energy Finance Limited. As noted above, each Guarantor guarantees the Bond Debt.

The only net tangible assets of any Guarantor that are not also assets of the Borrowing Group are the ordinary shares in The New Zealand Refining Company, and the ordinary share in Greenstone Energy Pensions Limited, each held by Z Energy Holdings Limited. The carrying value of the investment in The New Zealand Refining Company is shown in the audited financial statements of Aotea Energy Limited (the parent of Z Energy Holdings Limited) dated 31 March 2012 as \$189.3 million. The value of the share in Greenstone Energy Pensions Limited is \$1, so is not shown in the audited financial statements of Aotea Energy Limited (the parent of Z Energy Holdings Limited) dated 31 March 2012 due to immateriality.

There are no qualifications or fundamental uncertainties in the audit report for any Guarantor that reflect on the statement of those assets in the statement of financial position. There are no contingent liabilities that could materially affect the net tangible assets of any Guarantor. The financial statements of Aotea Energy Limited, Z Energy Holdings Limited and Greenstone Energy Finance Limited are filed with the Companies Office, Business and Registries Branch, Ministry of Business, Innovation and Employment, and can be accessed (free of charge) on the Companies Office website at www.business.govt.nz/companies. Copies of the publicly filed documents may also be obtained (on payment of a fee) by telephoning the Ministry of Business, Innovation and Employment Business Service Centre on 0508 266 726, or inspected free of charge at Z Energy's registered office during normal business hours.

The Guarantors and Z Energy are all members of the Z Energy Group.

Provisions of trust deed and other restrictions on Borrowing Group

The Bonds are issued pursuant to the Master Trust Deed (dated 11 August 2010) and Supplemental Trust Deed (dated 4 July 2012) between Z Energy and the Bond Trustee.

A summary of the principal provisions of the Master Trust Deed, including the duties of the Bond Trustee, is set out in the section of this Prospectus entitled "Summary of Bond Documents" on pages 60 to 63 of this Prospectus.

Restrictions on new mortgages or charges or ratio of liabilities

There are no limitations in the Master Trust Deed or the Supplemental Trust Deed relating to the creation of new mortgages or charges ranking in point of security ahead of, or equally with, any mortgage or charge securing the Bonds, nor any ratio of liabilities (or class of liabilities) to assets, or to any class of assets of Z Energy.

However, under the General Security Deed, Z Energy and any Grantor (as defined in the General Security Deed) must not create or permit to subsist any Security Interest over the Secured Property other than a Permitted Security Interest (each as defined in the General Security Deed). On the date of this Prospectus, the definition of Permitted Security Interest is substantially the same as the definition of that term in the Bank Facilities agreement. However, Bondholders do not have the direct benefit of this provision of the General Security Deed.

Also, security rights, including this prohibition and the definition of Permitted Security Interest, will be amended or waived if the Banks' Agent agrees to it.

However:

- if the amendment or waiver expressly subordinates any Security, the Bond Trustee's prior written consent to that amendment or waiver is required; and
- if the Bond Trustee considers that the amendment or waiver would have a material adverse effect on Bondholders as compared to the Banks, it has five business days to notify the Security Trustee (among others). If it does not give this notice, the amendment or waiver can proceed.

Except as described below, changes agreed by the Banks' Agent bind the Bond Trustee and Bondholders automatically, and neither the Security Trustee nor the Banks' Agent needs the Bond Trustee's or Bondholders' approval before agreeing the change. This includes releasing all or part of the Secured Property from the Security, and it applies no matter how much the Banks are owed (if anything). The Security Trustee must act solely on the instructions of the Banks' Agent to give

effect to any such amendment or waiver, or any such release, and it incurs no liability for doing so.

In relation to releases of any Guarantor from all its obligations under a Security Document (and the property that is subject to that Security Document):

- the Bond Trustee must instruct the Security Trustee to provide that release if it is requested to do so by the Guarantor and it is obliged under the Master Trust Deed to release that Guarantor from its guarantee granted under the Master Trust Deed;
- the Security Trustee will provide the release if it is instructed to do so in writing by both the Banks' Agent and the Bond Trustee.

However, these provisions do not alter the ability of the Banks' Agent to instruct the Security Trustee to release all or part of the Secured Property from the Security without the consent of the Bond Trustee.

Borrowing restrictions

The Debt Coverage Ratio (described on page 56 under the heading "Bondholders' entitlement to repayment") restricts the ability of the Borrowing Group to borrow.

In addition, the following restrictions on the ability of the Borrowing Group to borrow result from undertakings given under the Bank Facilities referred to on page 59:

- A debt coverage ratio on the same terms as the Debt Coverage Ratio in the Bond Documents, but with a maximum ratio as set out on page 56.
- The "Fixed Costs Cover Ratio" must not be less than 2.50 times. The Fixed Costs Cover Ratio is the ratio of (a) the Z Energy Group's previous 12 months' Covenant EBITDAL to (b) the interest and operating lease expenses of the Z Energy Group for that period. This is tested quarterly. Bondholders do not get the benefit of this restriction (however acceleration of more than \$10,000,000 of the Bank Facilities due to a breach of this ratio will also be an Event of Default, meaning that the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders must, declare the Bond Debt to be immediately due and payable – see page 61 under the heading "Events of Default").
- "Shareholders' Funds" must be at least \$350,000,000 at all times. Shareholders' Funds is calculated by subtracting total liabilities of the Z Energy Group at any time from total assets (other than intangible assets) of the Z Energy Group at the same time. Again, Bondholders do not get the benefit of this restriction.

Statutory Information

Trustee's Statement

The statement required to be made by the Bond Trustee pursuant to clause 9(3) of Schedule 12 to the Securities Regulations is set out on page 64.

Consequences of insolvency

A Bondholder could receive none of, or less than, the expected returns on the Bonds if Z Energy or any other Guarantor became insolvent for any reason. See the section entitled "Consequences of Insolvency" on page 40 for a description of claims that would rank ahead of, or equally with, the Bonds on a liquidation of Z Energy.

Alteration of Securities

Z Energy has no right to vary the amount payable for the Bonds once an application has been accepted by Z Energy.

The terms of this Offer and the terms and conditions on which investors may apply for Bonds may be altered by an amendment to the Bond Documents.

The terms and conditions of the Bond Documents (but not the Security Documents) may be altered by Z Energy with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution at a meeting of Bondholders and, in limited circumstances, with the approval of the Bond Trustee. See the sections entitled "Meetings" and "Amendment of the Bond Documents" on pages 61 to 63.

In addition, the Bond Trustee may (and shall or shall not if so directed by an Extraordinary Resolution of the relevant Bondholders) waive any breach or anticipated breach by Z Energy or any other Guarantor, for such period and on such terms as it determines, by notice to Z Energy. Any waiver will be binding on all Bondholders.

See under the heading "Changes to Security Rights" on pages 55 to 56 for information in relation to altering the Security Documents.

Early Termination

Bondholders have no right to redeem their Bonds before the Maturity Date unless a Change of Control (other than an IPO) occurs or an Event of Default occurs and the Bond Debt is accelerated.

Right to sell securities

Bondholders are entitled to sell or transfer their Bonds at any time subject to the terms of the Bond Documents and applicable securities laws and regulations.

Bonds may be transferred using a prescribed off market

transfer document (available from the Registrar) or by means of any electronic system that is approved for the transfer of securities.

Applicants should not attempt to sell Bonds until they know whether, and how many, Bonds have been allotted to them. None of Z Energy, the Bond Trustee, the Joint Lead Managers, nor any of their respective directors or employees, nor any other person, accepts any liability or responsibility should any applicant for Bonds attempt to sell or otherwise deal with any Bonds before receiving an allotment or transaction statement recording the number of Bonds (if any) allotted to them.

Transactions in respect of any Bonds quoted on the NZDX can be made by contacting an NZX Firm and supplying your CSN (Common Shareholder Number) and FIN (previously known as FASTER identification number), along with the Bondholder number for the Bonds in the case of a sale of Bonds.

A Bondholder may transfer Bonds in minimum Principal Amounts of \$1,000 (other than banks or NZX Firms, which may transfer in any amount), provided that following any such transfer, both the transferor and transferee hold Bonds with an aggregate Principal Amount of not less than the Minimum Holding.

It is expected that there will be a secondary market for the Bonds. However, Z Energy gives no assurances as to the existence or characteristics of such a secondary market.

Brokerage at applicable rates is likely to be payable by a Bondholder on any transfer of the Bondholder's Bonds effected through an NZX Firm.

Other terms of Offer and securities

All the terms of the Offer and the Bonds are set out in this Prospectus (except for those implied by law) and in the Master Trust Deed, Supplemental Trust Deed and the other Bond Documents. The Interest Rate applicable to the Bonds will be announced to NZX on or prior to the Opening Date.

Information available under Z Energy's disclosure obligation

Z Energy, as a listed issuer, is subject to continuous disclosure obligations under the NZDX Listing Rules. Copies of announcements made by Z Energy to NZX from the date of this Prospectus are available at www.nzx.com/companies/ZEL/announcements.

The table below sets out particulars of information notified by Z Energy to NZX prior to the date of this Prospectus in accordance with its obligations under the NZDX Listing Rules that are material to the Offer.

Announcement Date	Description of Announcement
3 July 2012	Z Energy Limited Annual Review
29 June 2012	Forecourt service and a local choice from Kaitaia to Bluff
25 June 2012	Z Energy Limited considers retail bond issue
19 June 2012	Z Energy Limited Annual Report
19 June 2012	Z Energy Limited Preliminary Announcement Full Year
15 May 2012	Brand, strategy provide growth platform for Z Energy
23 March 2012	Sale and leaseback completed ahead of auction
14 March 2012	100 Z Energy sites rebranded, complete by mid year
8 March 2012	Z Energy presentation (Amended)
17 February 2012	Z Energy plans the sale and leaseback of nine North Island locations
16 February 2012	Alliance agreement signed with technology innovator EROAD
9 February 2012	New appointment to Z Energy executive
9 December 2011	Z Energy report to bondholders
29 November 2011	ZEL signed accounts for period 1 April-30 September 2011
29 November 2011	ZEL results for six months from 1 April-30 September 2011
15 November 2011	Half Year Commentary
3 November 2011	Z Energy commits to \$60 million national brand rollout
19 September 2011	Z Energy announces new General Manager, Corporate
9 August 2011	Allotment Notice
8 August 2011	Z Energy retail bond offer closes oversubscribed at \$150m
29 July 2011	Z Energy decides not to proceed with additional bond issue
19 July 2011	Z considers additional bond issue on back of strong demand
19 July 2011	Z Energy announces New General Manager Commercial
14 July 2011	Z Energy annual report to bondholders
11 July 2011	Z Energy bond offer opens to strong demand
4 July 2011	ZEL - Waiver Application NZDX Listing Rule 11.1.1
29 June 2011	Quotation Notice - Z Energy Limited (ZEL020)
29 June 2011	Z Energy announces a bond offer to New Zealand investors
27 June 2011	Z Energy financial statements for the 15 months ended 31 March 2011
9 June 2011	Greenstone Energy Finance Limited - Substitution of Issuer
30 May 2011	Preliminary Announcement of Unaudited Financial Statements
19 May 2011	Z Energy considers retail bond issue
11 May 2011	Company Name and Branding Change
8 March 2011, 10.30am	Infratil Investor Day
8 March 2011, 9.36am	Infratil Investor Day
14 February 2011	Interim Report for Half Year ended 30 September 2010
6 December 2010	Greenstone Energy Finance Limited Interim Report 2010
29 November 2010	Half Year Report for the period ending 30 September 2010

Statutory Information

Announcement Date	Description of Announcement
20 September 2010	Greenstone bond issue oversubscribed at \$147 million
20 September 2010	Allotment Notice
13 September 2010	Greenstone appoints Chief Financial Officer
10 September 2010	Allotment Notice
8 September 2010	Greenstone Energy Finance Limited Confirms Offer Closing Date
6 September 2010	Allotment Notice
6 September 2010	Listing & Quotation Notice – GEF010
3 September 2010	GEF – Allotment Notice
13 August 2010	Greenstone Energy bond issue

Financial statements

The audited consolidated financial statements for Z Energy and its guaranteeing subsidiaries, and for the Z Energy Group, for the financial year ended 31 March 2012 that comply with the Financial Reporting Act 1993 were registered at the Companies Office on 28 May 2012 and notified to NZX on 30 May 2012.

Copies of these financial statements are also available at www.z.co.nz.

Z Energy's financial statements are audited by KPMG. At the date of this Prospectus, KPMG is treated as a registered audit firm under section 87 of the Auditor Regulation Act 2011. The firm's transitional registration is not subject to any conditions.

Access to information and statements

Copies of the information referred to under "Information available under Z Energy's disclosure obligation" above and the financial statements for Z Energy and its guaranteeing subsidiaries, and for the Z Energy Group will be made available on request, and free of charge, by writing to Z Energy at the address specified in the Directory on page 73 of this Prospectus. The information referred to in the table above is available for public inspection at www.nzx.com, and the financial statements are filed on a public register at the Companies Office and are available for public inspection (including at www.business.govt.nz/companies).

Other Material Matters

NZX has granted Z Energy a waiver from NZX Listing Rule 11.1.1, to enable Z Energy to decline to accept or register a transfer of Bonds other than in multiples of \$1,000 (as well as where such transfer would result in the transferor or transferee holding or continuing to hold Bonds with an aggregate Principal Amount of less than the Minimum Holding). Z Energy may not refuse to register a transfer if the transfer is for all of the transferor's Bonds.

Directors' Statement

Z Energy's directors, after due enquiry by them, are of the opinion that Z Energy is in compliance with the requirements of the continuous disclosure provisions (as defined in section 19D of the Securities Markets Act 1988) that apply to it.

Bondholder Security Rights

The Z Energy Group's Banks and the Bondholders (including existing Bondholders) share the same security on an equal ranking basis. This means that both groups of lenders will rank equally if Z Energy were ever to default on its borrowing obligations and the Security was enforced. However, in practice, providers of working capital (including the Banks) and product suppliers may be repaid first – see the section entitled "Priority of Security" on pages 57 to 58.

The rights of the Bondholders are summarised below.

Security

The Guarantors, who guarantee the Bonds, also provide the Security, which comprises:

- a General Security Deed over all the present and future assets of the Guarantors (except as described below); and
- Mortgages over all freehold land valued at more than \$1 million owned by the Guarantors.

Assets that are excluded from the General Security Deed are:

- Z Energy's shares in Coastal Oil Logistics Limited "COLL" (which is an industry joint venture that arranges distribution to coastal terminals);
- rights related to those shares; and
- Z Energy's rights under the contractual arrangements for the COLL joint venture.

These assets are excluded while Z Energy endeavours to obtain the relevant counterparty consents to the Security.

Bondholders do not receive the direct benefit of certain provisions of the General Security Deed, including the restrictions on the granting of further security (other than permitted exceptions) and the disposal of assets. Full details of the provisions of the General Security Deed that do not apply to Bondholders are set out in the Supplemental Trust Deed.

The Security is held on trust by the Security Trustee (currently Bank of New Zealand) for the benefit of the Z Energy Group's Banks and the Bondholders of all Series (who are the "Beneficiaries"). The Security Trust Deed governs the relationship between the two groups of lenders (the Banks and Bondholders) and the Security Trustee.

The Security Trustee has the right to (among other things) sell assets upon enforcement of the Security and use the proceeds to repay the Bank Facilities and the Bonds (including existing Bonds) on a pro rata basis (after paying costs).

The Guarantors are the same members of the Z Energy Group that guarantee the Bank Facilities.

Changes to security rights

The Bond Trustee is appointed under the Master Trust Deed to act as trustee for the holders of Retail Bonds, including the Bonds to which this Prospectus relates, and the holders of any further Series of Retail Bonds issued under the Master Trust Deed and any relevant Supplemental Trust Deed.

The security rights of Bondholders will be amended or waived if the Banks' Agent agrees to such amendment or waiver. However:

- if the amendment or waiver expressly subordinates any Security, the Bond Trustee's prior written consent to that amendment or waiver is required; and
- if the Bond Trustee considers that the amendment or waiver would have a material adverse effect on Bondholders as compared to the Banks, it has five business days to notify the Security Trustee (among others). If it does not give this notice, the amendment or waiver can proceed.

Except as described in this Prospectus, changes agreed by the Banks' Agent bind the Bond Trustee and Bondholders automatically, and neither the Security Trustee nor the Banks' Agent needs the Bond Trustee's or Bondholders' approval before agreeing the change. This includes releasing all or part of the Secured Property from the Security, and it applies no matter how much the Banks are owed (if anything). The Security Trustee must act solely on the instructions of the Banks' Agent to give effect to any such amendment or waiver, or any such release, and it incurs no liability for doing so.

In relation to releases of any Guarantor from all its obligations under a Security Document (and the property that is subject to that Security Document):

- the Bond Trustee must instruct the Security Trustee to provide that release if it is requested to do so by the Guarantor and it is obliged under the Master Trust Deed to release that Guarantor from its guarantee granted under the Master Trust Deed;
- the Security Trustee will provide the release if it is instructed to do so in writing by both the Banks' Agent and the Bond Trustee.

However, these provisions do not alter the ability of the Banks' Agent to instruct the Security Trustee to release all or part of the Secured Property from the Security without the consent of the Bond Trustee.

The Total Tangible Assets and Covenant EBITDA of the

Bondholder Security Rights

Guarantors must comprise 95% of the Z Energy Group Total Tangible Assets and Z Energy Group Covenant EBITDA respectively. This is the same guarantor coverage ratio agreed with the Banks. If the Banks agree to change the guarantor coverage ratio for the Bank Facilities, then the guarantor coverage ratio in the Bond Documents will change accordingly upon two Z Energy directors certifying the new ratio to the Bond Trustee.

If the Banks agree to release the Security entirely, then Bondholders' security rights will be replaced by a negative pledge covenant equivalent to that in the Bank Facilities at that time.

Bondholders' entitlement to repayment

A Bondholder is entitled to be repaid the Principal Amount of their Bonds on the Maturity Date, or earlier if:

- there is a Change of Control (other than an IPO) and the Bondholder has required repurchase within the specified time; or
- an Event of Default has occurred and the Bond Trustee has declared the Bond Debt to be immediately due and payable in accordance with the Bond Documents.

The Events of Default are as follows:

1. Non payment of Bond principal or interest within five Business Days of the due date.
2. A breach of the major bond covenants given by Z Energy. The major bond covenants are, in summary, as follows:

- (a) The Debt Coverage Ratio must not exceed the specified maximum on two consecutive Test Dates.

On a Test Date, the Debt Coverage Ratio is the ratio of Total Debt on that date to the Z Energy Group's Covenant EBITDA for the 12 months ending on that Test Date. In the event that the upper limit for the equivalent debt coverage ratio in the Bank Facilities is less than 3.5 then the Debt Coverage Ratio must not exceed the maximum debt coverage ratio for the Bank Facilities plus 0.5. The maximum debt coverage ratio for the Bank Facilities as at the date of this Prospectus is 3.0. As at the date of this Prospectus the maximum Bond Debt Coverage Ratio is 3.50.

This covenant will be tested on 30 September 2012 and then every six months thereafter. An Event of Default will occur if the test is failed twice in a row.

"Total Debt" means all financial indebtedness of the Z Energy Group, excluding subordinated debt and amounts owing under the Banks' working capital facility (except to the extent the working

capital facility is not fully repaid for at least three consecutive days over the previous six months, in which case the lowest average principal balance of the working capital facility over three consecutive days during that period is included in "Total Debt").

"Covenant EBITDA" means the Z Energy Group's EBITDA excluding abnormal items, profits and losses on the sale of fixed assets or investments, non-cash equity accounted profits and losses and unrealised exchange gains and losses, calculated on a Current Cost basis.

- (b) If a breach of the Debt Coverage Ratio limit described above, or any Event of Default or event of default under the Bank Facilities is continuing, Z Energy and the other Guarantors must not declare, make or pay any distributions to persons other than Z Energy or the other Guarantors.

- (c) None of Z Energy or the other Guarantors may materially change its core business.

Z Energy must fail to remedy a breach of (b) and (c) within 30 days of being required to do so before an Event of Default occurs.

3. The repayment of financial indebtedness of Z Energy or any other Guarantor exceeding \$10 million (such as under the Bank Facilities) is accelerated due to a default or similar event.
4. Insolvency, receivership, liquidation, voluntary administration or statutory management proceedings of Z Energy or any other Guarantor, or enforcement of any Security occurs.
5. A breach of any other covenant or representation given by Z Energy or any other Guarantor under the Bond Documents not remedied within 30 days of being required to do so by the Bond Trustee that has, or is likely to have, in the Bond Trustee's reasonable opinion, a material adverse effect on the Z Energy Group.
6. Any of the Bond Documents is invalid or repudiated by Z Energy or any other Guarantor.

Enforcing Security

The Bond Trustee could require the Security Trustee to enforce the Security if any of the first four Events of Default listed above occurs, after consulting with the Banks (unless the Security Trustee has appointed a receiver following an instruction from the Banks' Agent).

If any other Event of Default occurs, the Bond Trustee can only require the Security Trustee to enforce the Security if the "Majority Beneficiaries" of the Security (i.e. Banks and the Bond Trustee together representing more than

50% of the secured debt at that time) agree. The Banks will determine the outcome of any vote while the amounts owing under the Bank Facilities exceed the Bond Debt (including Bond Debt in respect of the Series 2016-1 and Series 2018-1 Bonds).

In either case, both the Banks' Agent and the Bond Trustee are entitled to require the Security Trustee to enforce the Security, but if they give the Security Trustee conflicting instructions, the Security Trustee must appoint a receiver over all Secured Property and act on the instructions of the Banks' Agent in dealing with the receiver. The Bond Trustee and Bondholders have no right to give instructions to a receiver, and will be bound by any instructions the Security Trustee gives.

If the Security was enforced, the Bond Trustee would represent Bondholders in accordance with the Bond Documents. The Bond Trustee would work with the Banks and the Security Trustee to seek the repayment of the Bond Debt.

Bondholders have no direct enforcement rights. More information can be found under the heading "No Enforcement by Bondholders" on page 61.

Priority of Security

Although Bondholders share the same Security as the Z Energy Group's Banks on an equal ranking basis, there are certain circumstances in which product suppliers and/or working capital providers will rank ahead of, or in practice will be repaid before, core debt providers (including the Bondholders).

(1) Suppliers' Prior Security

Crude oil products

Shell has security over crude oil products it supplies to Z Energy for which it has not received payment, and their proceeds. This security ranks ahead of the Security of the Banks and Bondholders. The relationship between the two sets of security is governed by an Intercreditor Deed between the Security Trustee, Shell and Z Energy Group Companies.

As it is likely that "paid for" and "unpaid for" product supplied by Shell would be mixed together, there may be difficulties identifying product over which Shell has priority. To help address this, Shell and the Security Trustee have agreed on a set of principles that would be the starting point for any discussions on allocating products between them. They have also agreed to consult with each other, where practicable, in relation to any enforcement.

Shell also has security rights over other Z Energy Group assets which rank after the security rights of the Banks

and Bondholders. This security covers any unpaid purchase price not recovered from Shell's security over the relevant products supplied, and other amounts that Shell may be owed.

Refined products

Z Energy's refined products supplier has security over products it supplies to Z Energy for which it has not received payment, and their proceeds. This security ranks ahead of the Security of the Banks and Bondholders.

General

Under the General Security Deed, each Guarantor is permitted to grant security to suppliers over goods that it acquires in the ordinary course of its normal business, so long as:

- that security only secures amounts owing to the supplier in respect of those goods;
- the debt is not overdue; and
- the security is discharged within 60 days of its creation.

This security would rank ahead of the Security of the Banks and Bondholders. However, Bondholders do not have the direct benefit of the provisions in the General Security Deed that limit the Guarantors' ability to grant security to other persons.

(2) Priority of repayments of working capital during breach of Debt Coverage Ratio

While the Debt Coverage Ratio limit is breached, any repayment of the Bank Facilities before enforcement of the Security will in practice repay the Banks' working capital facility and hedging obligations first. As at the date of this Prospectus, this includes a \$350 million working capital facility (which is used to fund the Z Energy Group's working capital needs, in particular the purchase of crude and finished product) and hedging facilities for managing interest rate, currency, carbon and commodity price risk.

Only when these and other amounts owing to the Banks are extinguished, will Core Bank Debt be repaid. If the Security is subsequently enforced before the Debt Coverage Ratio breach is remedied, then:

- distributions of the enforcement proceeds to the Banks will be adjusted; and
- if necessary the Banks will share any such Core Bank Debt prepayments with Bondholders, to ensure that the Banks and Bondholders share prepayments of core debt since the financial covenant breach began, plus the enforcement proceeds, in proportion to the amount of debt they provide.

Bondholder Security Rights

The proportional sharing of core debt repayments does not apply to repayments or prepayments of the Banks' working capital facility or hedging obligations, or to repayments of Core Bank Debt made on the scheduled payment dates.

Potential for other working capital providers to acquire priority

The security structure is intended to give preference to Shell in respect of crude oil products Shell supplies for which it has not yet received payment, and their proceeds, and to give preference to Z Energy's refined product supplier in respect of products it supplies for which it has not yet received payment, and their proceeds. Bondholders and Banks then rank equally. However, if (for example) an Event of Default ever occurs and Z Energy is to continue trading, it will need to continue to procure crude oil and fuel and it is likely to need to grant priority to the particular products and their proceeds to the provider of working capital funding. The Bond Trustee may agree to this, if it considers it is in the best interests of Bondholders as a whole. No such arrangement exists at present and the potential is only noted so that prospective Bondholders are fully aware of the possibility.

Z Energy has commenced a competitive procurement programme to evaluate, select and secure crude supply contracts to ensure the continuous supply of crude oil to meet the requirements of its manufacturing programme through the Refinery. As a downstream fuel distributor, Z Energy is well placed to benefit from the global crude supply market to ensure access to reliable and competitive crude supplies. The security arrangements for any such future arrangements may differ to those currently in place. If this involved expressly subordinating the Security that the Bondholders have the benefit of, the Bond Trustee's consent would be required.

Under the General Security Deed, each Guarantor is permitted to grant security to suppliers over goods that it acquires in the ordinary course of its normal business, so long as:

- that security only secures amounts owing to the seller in respect of those goods;
- the debt is not overdue; and
- the security is discharged within 60 days of its creation.

This security would rank ahead of the Security held by the Banks and Bondholders. However, Bondholders do not have the direct benefit of the provisions in the General Security Deed that limit the Guarantors' ability to grant security to other persons, meaning that if those

provisions were breached, the Bondholders would not be entitled to require any enforcement action to be taken.

Role of the Security Trustee

The Security Trustee is appointed in a representative capacity on behalf of the Beneficiaries. The Security Trustee has very limited discretions under the Security Trust Deed. Except as outlined under the heading "Enforcing Security" on pages 56 to 57, the Security Trustee will act solely on the instructions given by the Banks' Agent in exercising its rights, powers and discretions in relation to the Security, without having to revert to the Bond Trustee or Bondholders, and no matter how much the Banks are owed (if anything).

This applies both before and after the Security is enforced and includes, for example, the application of insurance proceeds or the appointment of a replacement Security Trustee. The Security Trustee will not be liable for any action it takes, or any omission to act, provided it does so in accordance with the instructions of the Banks' Agent, and the other terms of the Security Trust Deed. Any action the Security Trustee takes in accordance with the instructions of the Banks' Agent and the other terms of the Security Trust Deed will be binding on Bondholders. Bondholders will have no rights to instruct the Security Trustee directly.

The Security Trustee's duties and obligations are limited to those expressly set out in the Security Trust Deed and any other Finance Document to which it is party. Those obligations are solely of a mechanical and administrative nature and the Security Trustee does not have any duty, obligation or responsibility to, or relationship of trust or agency with, Z Energy or any of the Guarantors or, other than as expressly set out in the Finance Documents to which it is party, any Beneficiary. Any liability of the Security Trustee to Bondholders is limited to the amount it is able to recover under the Security, except to the extent of any fraud, gross negligence or wilful breach by the Security Trustee.

In particular, the Security Trustee will not be responsible for the execution, legality, validity, enforceability, effectiveness, or sufficiency of the Security, or any Security Document or other relevant document; any ability of Z Energy or any other Guarantor to meet its payment and other obligations under the Bond Documents; the accuracy of any statements made in or in connection with any relevant document or made in any communication or documentation received by it which it provides to any party; or the value, adequacy of, nature, or suitability of any of the Secured Property.

The Security Trustee, Bank of New Zealand, also currently acts as the Banks' Agent. In its capacity as Banks' Agent,

Bank of New Zealand acts on instructions of, and solely in the interests of, the Banks it represents. In giving instructions to the Security Trustee, the Banks' Agent does not, and will not, take into account the interests of Bondholders who must rely solely on the Bond Trustee to act on their behalf in representing their interests in relation to the exercise and enforcement of rights under the Security.

Summary of the Z Energy Group's Bank Facilities

Currently, the Bank Facilities comprise:

- a \$203 million "revolving core debt" facility. The initial facility of \$350 million was fully drawn in April 2010 to fund the acquisition of Shell's New Zealand downstream oil and fuel operations and shareholding in The New Zealand Refining Company and Loyalty New Zealand, and partially repaid in 2010 following the initial bond issue of \$147 million. The amount outstanding under this facility fluctuates depending on transactions, and at 31 March 2012 totalled \$107 million;
- a \$350 million working capital facility, which can be used to fund the Z Energy Group's working capital needs, in particular the purchase of crude and finished product. The amount outstanding under this facility fluctuates depending on transactions, and at 31 March 2012 totalled \$33 million;
- hedging facilities for managing interest rate, currency, carbon and commodity price risk.

The net proceeds of the Bond issue will be on-lent to Aotea Energy Limited to use to repay currently drawn debt on the "revolving core debt" facility, and for the Z Energy Group's general corporate purposes.

The Bank Facilities expire on 27 June 2014, in relation to the Core Bank Debt, and on 26 May 2014, in relation to the working capital facilities. They contain usual representations, covenants and events of default and review for facilities of their nature. Generally, the Banks can require that the Bank Facilities be repaid before the expiry date (i.e. "accelerated") if these representations or covenants are breached, or an event of default occurs, and the breach or event of default is not remedied, or if any circumstances giving rise to an event of review are not addressed to the Banks' satisfaction. The Banks could require the Security Trustee to enforce the Security if any event of default occurs under the Bank Facilities.

Any such acceleration of more than \$10 million of the Bank Facilities, or enforcement of the Security, would constitute an Event of Default entitling the Bond Trustee to accelerate the Bonds and, where relevant, require enforcement of Security.

Although the Bank Facilities expire on 27 June 2014 and on 26 May 2014, as noted above, amounts outstanding under the Bank Facilities must be prepaid from the net proceeds of any of the following:

- any IPO of Z Energy, any other Guarantor or any holding company of Z Energy.
- any trade sale of Z Energy or any other Guarantor.
- in any 12 month period, any non-ordinary course type disposals of assets of more than \$10 million which are not reinvested in capital assets within 180 days.
- all sale and leasebacks if the aggregate net proceeds of sale and leasebacks exceeds \$25 million.
- any insurance claim of more than \$5 million (in aggregate) not applied to replacing or repairing the relevant assets or to meet any liability to which the claim relates.
- any secured financial indebtedness issued, offered or placed by Z Energy or any other Guarantor and not used to purchase an asset on arm's length commercial terms.
- any warranty claims or due diligence claims relating to the original share acquisition not applied in meeting any liability to which the claim relates within 180 days.

Making these prepayments would not be an Event of Default, but if the prepayment occurs during a breach of the Debt Coverage Ratio limit, the provisions described under the heading "Priority of repayments of working capital during breach of Debt Coverage Ratio" on pages 57 to 58 will apply.

The Bank Facilities may be amended by Z Energy, the other Guarantors and the Banks without the consent of or notice to the Bond Trustee or Bondholders.

Summary of Bond Documents

The following is a summary of the principal provisions of the Master Trust Deed. Investors requiring further information should refer to the Master Trust Deed and the relevant Supplemental Trust Deed for a Series. Bondholders are bound by, and are deemed to have notice of, the provisions of the Bond Documents relating to the Series of Bonds which they own. In this section, “**Bonds**” includes the Bonds to which this Prospectus relates and any other Retail Bonds issued under the Master Trust Deed.

The Bond Trustee and the Bondholders

The Bond Trustee is appointed under the Master Trust Deed to act as trustee for the holders of Retail Bonds, including the Bonds to which this Prospectus relates, and the holders of any further Series of Retail Bonds issued under the Master Trust Deed and any relevant Supplemental Trust Deed.

The Bond Trustee does not guarantee the payment of interest or principal on the Bonds.

Issue and Form of the Bonds

The Master Trust Deed provides that Z Energy may issue Bonds under and in accordance with the Master Trust Deed.

Covenants

The Master Trust Deed contains a number of covenants by Z Energy, including that for so long as any Bonds are outstanding:

- it will notify the Bond Trustee of the occurrence of any Event of Default;
- it will maintain its corporate existence and comply with all laws;
- if the Bonds are listed, it will use reasonable endeavours to maintain that listing;
- it will ensure that neither Z Energy nor any other Guarantor will materially change its core business; and
- it will ensure that a Register is maintained in respect of each Series.

The Master Trust Deed also contains the Debt Coverage Ratio and restriction on distributions while the limit on the Debt Coverage Ratio is breached, as described under the heading “Bondholders’ entitlement to repayment” on page 56.

Duties and Powers of the Bond Trustee

The principal duties of the Bond Trustee under the Master Trust Deed in relation to the Bondholders are summarised as follows:

- upon the occurrence of any Event of Default in relation to a Series the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of the Bondholders of that Series must, declare the Bond Debt for Bonds of that Series to be immediately due and payable by notice to Z Energy, exercise the powers of enforcement available to it (as to which, see the section entitled “Enforcing Security” on pages 56 to 57), and apply all moneys received in accordance with the provisions of the Master Trust Deed;
- to receive regular financial and other reports provided to it by Z Energy;
- to perform a number of functions relating to the ongoing administration of the Bond Documents, including in relation to the meetings of Bondholders, and the exercise of discretions or the giving or withholding of consents (as appropriate) relating to such administration and other matters out of the ordinary, such as agreeing to modifications of the Bond Documents, all upon the terms set out in the Bond Documents; and
- on being satisfied that all Bond Debt has been paid or provided for upon the terms of the Bond Documents, to execute a deed of discharge of the Bond Documents.

In addition, the Bond Trustee has a statutory duty pursuant to the Securities Act and the Securities Regulations to exercise reasonable diligence to:

- ascertain whether or not there has been any breach of the terms of the Bond Documents or of the terms of any offer of the Bonds and to do all it is empowered to do to cause any such breach of those terms to be remedied (except where the Bond Trustee is satisfied that the breach will not materially prejudice the interests of the Bondholders or the Security of the Bonds); and
- ascertain whether or not the assets of Z Energy and its guaranteeing subsidiaries that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient to discharge the amounts of the Bonds as they become due.

Under the Master Trust Deed the Bond Trustee receives the benefit of a general indemnity from Z Energy for any liabilities or expenses it reasonably incurs while acting as Bond Trustee unless the claim arises out of fraud,

gross negligence, wilful breach of trust or dishonesty of the Bond Trustee, or where the Bond Trustee has failed to show the degree of care and diligence required of it having regard to the powers, authorities and discretions conferred on it under the Bond Documents.

Under the Supplemental Trust Deed the Bond Trustee also receives the benefit of an indemnity from each Bondholder for any amount for which the Bond Trustee is liable under the Security Trust Deed in respect of the Bonds (the “**Indemnified Amount**”). Each Bondholder’s liability under this indemnity is limited to the same proportion of the Indemnified Amount as the Principal Amount held by it bears to the total Principal Amount of the Bonds.

The Bond Trustee has absolute discretion as to the exercise of its powers in relation to the Bonds, except as expressly provided in a Bond Document. Under the Bond Documents, the Bond Trustee may, amongst other things, in relation to the Bonds:

- decline to act or exercise any power, take any action or comply with any request or direction (including any direction by an Extraordinary Resolution of Bondholders) unless it has first been indemnified to its satisfaction against all costs, charges, losses, damages, expenses, actions, proceedings, claims and demands it may reasonably sustain or incur by so doing;
- represent and act on behalf of Bondholders in any matter concerning them generally;
- invest any amount held in its capacity as Bond Trustee in the name of the Bond Trustee or its nominee in any investment, with power to vary, deal with or dispose of such investment, and all income arising from all such investments will belong to the person in respect of whom such moneys are held by the Bond Trustee;
- in the performance of its duties, act on, or decline to act on, certificates signed by or on behalf of Z Energy or any other Guarantor and the advice or opinion of professional advisers; and
- report to Bondholders on certain matters, convene meetings of Bondholders or otherwise seek directions from the Bondholders or a court of New Zealand.

Reporting

Z Energy covenants to supply to the Bond Trustee a range of regular reports, certificates, annual and half-yearly financial statements and other information as to the financial condition of the Z Energy Group and as to compliance with the Bond Documents.

This includes a requirement that two directors of Z Energy, on behalf of the board of Z Energy, provide a report to the Bond Trustee, following the end of each financial year and each financial half-year, as to various matters relating to Z Energy and the Bonds, including:

- details of any matter that has arisen which would materially and adversely affect the ability of Z Energy or any other Guarantor to perform its obligations under any Bond Document;
- compliance by Z Energy and each other Guarantor with the provisions of the Bond Documents;
- details of all Retail Bonds that have been redeemed, cancelled or repurchased in the immediately preceding financial year or half-year; and
- due maintenance of the Register for the Bonds.

Events of Default

Upon the occurrence of any of the Events of Default in relation to a Series, the Bond Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Bondholders of that Series must, declare the Bond Debt for that Series to be immediately due and payable. However, no Bond Debt will become immediately due and payable unless the relevant Event of Default is continuing unremedied and the Bond Trustee has given a notice to Z Energy declaring the Bond Debt for the relevant Series to be immediately due and payable.

The Events of Default are listed in the Bond Documents in relation to each Series and are summarised under the heading “Bondholders’ entitlement to repayment” on page 56. Investors should refer to the Bond Documents in relation to the relevant Bonds for a complete list and more detailed descriptions of the acts and omissions that constitute an Event of Default for those Bonds.

No Enforcement by Bondholders

Bondholders have no direct enforcement right and they may not bring any action, claim or proceeding directly against Z Energy or any other Guarantor for the enforcement of any of their rights or remedies under the Bond Documents, unless the Bond Trustee has failed to enforce such rights or remedies within a reasonable time after having become bound to do so under the provisions of the Bond Documents.

Meetings

The Master Trust Deed contains provisions for meetings of Bondholders and the matters that may be determined by Extraordinary Resolutions.

Summary of Bond Documents

Z Energy must call a meeting of Bondholders, or a class of Bondholders, at the request in writing of the Bondholders of not less than 10% of the aggregate principal amount of the Bonds, or that class of Bonds (as the case may be), or where required to do so by law. The Bond Trustee may convene a meeting of Bondholders, or a class of Bondholders, at any time.

An Extraordinary Resolution passed at a meeting of Bondholders or a class of Bondholders is binding on all Bondholders, or all Bondholders of that class (as the case may be), whether or not they were present at such meeting. However:

- a resolution which affects a particular Bondholder only, rather than the rights of all Bondholders generally, or of a particular class of Bondholders generally, will not be binding on such Bondholder unless such Bondholder agrees to be bound by the terms of such resolution;
- a resolution which affects one class only of Bonds is deemed to have been duly passed if passed at a properly convened and held meeting of the Bondholders of that class;
- a resolution which affects more than one class of Bonds, but does not give rise to a conflict of interest between the Bondholders of any of the classes so affected, is deemed to have been duly passed if passed at a single properly convened and held meeting of the Bondholders of all classes so affected; and
- a resolution which affects more than one class of Bonds and gives rise to a conflict of interest between the Bondholders of any of the classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Bondholders of each class so affected.

Bondholders have the power exercisable by Extraordinary Resolution to agree, approve, authorise, ratify and sanction various acts, matters or things in relation to, or in connection with, the Bond Documents, the Bonds and the exercise or performance by the Bond Trustee of its powers, duties and discretions. For example, the Bondholders may, by an Extraordinary Resolution:

- sanction the release of Z Energy or any other Guarantor from payment of all or any part of the Bond Debt;
- sanction any proposal by Z Energy or any other Guarantor for the amendment, release, or novation or any other arrangement relating to the rights of the Bondholders against Z Energy or any other Guarantor or any of their assets;

- assent to any amendment to the terms of the Bond Documents or the Bond Conditions proposed by Z Energy;
- sanction, assent to, release or waive any breach or default by Z Energy or any other Guarantor under any of the provisions of a Bond Document or the Bond Conditions;
- sanction any scheme for the reconstruction of Z Energy or any other Guarantor or for the amalgamation of Z Energy or any other Guarantor with any other person where such sanction is necessary;
- subject to section 62 of the Securities Act, discharge or exonerate the Bond Trustee from all liability in respect of any act or omission for which the Bond Trustee has or may become responsible under a Bond Document or the Bond Conditions; and
- subject to the provisions of the Bond Documents, request the removal of the Bond Trustee and approve the appointment of a new Bond Trustee.

An Extraordinary Resolution is a resolution passed at a meeting of Bondholders (or of a class of Bondholders) at which at least 75% of the Bondholders (or that class of Bondholders) voting at the meeting vote in favour of the resolution.

A quorum for the purpose of passing an Extraordinary Resolution is Bondholders (present in person or by representative) holding or representing not less than 10% of the aggregate Principal Amount of the Bonds or, in the case of a meeting of any class of Bondholders, of the Bonds of the relevant class.

If a quorum is not present and the meeting is adjourned, a quorum at the adjourned meeting is all Bondholders present (in person or by representative).

Anything that may be done by Bondholders (or a class of Bondholders) by an ordinary resolution or an Extraordinary Resolution passed at a meeting of Bondholders (or that class of Bondholders) may (subject to applicable law and the NZDX Listing Rules) be done by a resolution in writing signed by not less than 75% of Bondholders (or that class of Bondholders) having the right to vote on that resolution and holding in aggregate the right to cast not less than 75% of the votes which could be cast on that resolution.

Amendment of the Bond Documents

None of the following applies to the amendment of the Security Documents, which is described under the heading “Changes to security rights” on pages 55 to 56.

The terms and conditions of the Bond Documents may be altered with the approval of Bondholders (or a class of Bondholders, if applicable) by an Extraordinary Resolution and, in limited circumstances, with the approval only of the Bond Trustee and Z Energy. A description of the requirements for an Extraordinary Resolution is set out in the preceding section of this Prospectus.

The following amendments do not require Bondholder approval:

- amendments of a minor, formal, administrative or technical nature;
- amendments that are to correct a manifest error;
- amendments that are to comply with the requirements of any applicable law or any listing rules of NZX;
- amendments that are convenient for the purpose of obtaining or maintaining a quotation of the Bonds on the NZDX;
- any amendment where the Bond Trustee is of the opinion that the amendment will not be, and is not likely to become, materially prejudicial to the interests of Bondholders of the relevant Series.

In addition, the Bond Trustee may (and shall or shall not if so directed by an Extraordinary Resolution of the relevant Bondholders) waive any breach or anticipated breach by Z Energy and any other Guarantor, for such period and on such terms as it determines, by notice to Z Energy. Any waiver will be binding on all Bondholders.

Miscellaneous

The Bond Documents also contain detailed provisions relating to procedures for holding meetings of Bondholders, transfer and registration of Bonds and various other matters.

Because the Bonds are to be registered (rather than bearer) bonds, the Bond Trustee and Z Energy are entitled to rely on the Register as the sole and conclusive record of the Bonds held by a Bondholder, notwithstanding any discrepancy between the Register and any certificate or holding statement issued in respect of any Bonds.

Neither the Bond Trustee nor Z Energy is liable to the other or to any Bondholder for relying on the Register or for accepting in good faith as valid the details recorded on the Register if they are subsequently found to be forged, irregular or not authentic.



4 July 2012

The Directors
Z Energy Limited
3 Queens Wharf
WELLINGTON

Dear Directors

Clause 9(3) of Schedule 12 to the Securities Regulations 2009 requires us to confirm that the offer of debt securities ("the Securities") set out in the simplified disclosure prospectus dated 4 July 2012 ("the Prospectus") complies with any relevant provisions of the Trust Deed dated 11 August 2010 (as amended). These provisions are those which:

- (a) Entitle Z Energy Limited to constitute and issue under or with the benefit of the Trust Deed (as the case may be) the Securities offered in the Prospectus; and
- (b) Impose restrictions on the right of Z Energy Limited to offer the Securities; and

are described in the summary of the Trust Deed in the Prospectus.

The Auditors have reported on certain financial information set out or referred to in the Prospectus and our statement does not refer to that information or any other financial information or any other material in the Prospectus which does not relate to the Trust Deed.

We confirm that the offer of the Securities set out in the Prospectus complies with any relevant provisions of the Trust Deed. We have given the above confirmation on the basis:

- (a) Set out above; and
- (b) That the Trustee relies on the information supplied to it by Z Energy Limited pursuant to the Trust Deed and does not carry out an independent check of that information.

The Trustee draws your attention to the explanation of the Trustee's duties described under the heading "Duties and Powers of the Bond Trustee", and to the restrictions on the Trustee's enforcement rights described under the heading "Enforcing Security", contained in the Prospectus.

The Trustee does not guarantee the repayment of the Securities or the payment of interest thereon.

Yours sincerely
Trustees Executors Limited



Sean Roberts
Business Manager
Corporate Trust

The copy of this Prospectus delivered to the Registrar of Financial Service Providers for registration has been signed by each director of Z Energy Limited, or by his agent authorised in writing, as a director of the Issuer:



Marko Bogoievski



Liberato Petagna



Alan Michael Dunn



Paul Lightle Fowler



Peter Ward Griffiths

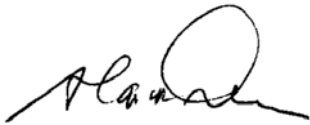
The copy of this Prospectus delivered to the Registrar of Financial Service Providers for registration has been signed by each director of Aotea Energy Limited or by his agent authorised in writing, each as a Promoter:



Marko Bogoevski



Liberato Petagna



Alan Michael Dunn



Paul Lightle Fowler



Peter Ward Griffiths

And signed on behalf of Aotea Energy Limited, as a Promoter:



Director





Glossary

“Application Form” means the application form attached to this Prospectus.

“Arranger” means ANZ National Bank Limited.

“Auditors” means the auditors for the time being of Z Energy.

“Bank Facilities” means the facilities provided by the Z Energy Group’s banks as described under “Summary of the Z Energy Group’s Bank Facilities” on page 59.

“Banks” means the banks that provide the Bank Facilities from time to time.

“Banks’ Agent” means the Agent under the Bank Facilities.

“Beneficiaries” means the persons entitled to share in the Security held by the Security Trustee under the Security Trust Deed being, at the date of this Prospectus, the Bond Trustee (acting on behalf of the Bondholders) and the Banks.

“Bond Conditions” has the meaning given to that term in the Bond Documents, in relation to the Bonds. In summary, it means the terms and conditions relating to the Bonds.

“Bond Debt” means, in relation to a Bond at any time, the Principal Amount, interest and other moneys payable on, or in relation to, that Bond to the relevant Bondholder.

“Bond Documents” means:

- (a) the Master Trust Deed;
- (b) the Supplemental Trust Deed entered into by Z Energy and the Bond Trustee;
- (c) the Substitution Deed;
- (d) any other document specified as a Bond Document in the Supplemental Trust Deed; and
- (e) any other document that Z Energy and the Bond Trustee agree is a Bond Document.

“Bondholder” means a person whose name is recorded in the Register as the holder of a Bond.

“Bond Programme” means the bond programme pursuant to which Z Energy may issue Bonds from time to time in compliance with the Securities Act and the Securities Regulations.

“Bonds” means the bonds offered under this Prospectus in compliance with the Securities Act and the Securities Regulations (and, for the purposes of the section titled “Summary of Bond Documents”, has the extended meaning given on page 60).

“Bond Trustee” means Trustees Executors Limited (company number 142877) (or any replacement trustee under the Master Trust Deed).

“Borrowing Group” has the meaning set out in the Securities Regulations and, as at the date of this Prospectus, comprises Z Energy, Mini Fuels & Oils Limited and Harbour City Property Investments Limited.

“Business Day” means any day (other than a Saturday or a Sunday) on which Registered Banks are open for general banking business in Auckland and Wellington, and on which NZX is open for trading.

“Change of Control” has the meaning given to that term in the Bond Documents. The meaning of this term is summarised on page 7.

“COLL” means Coastal Oil Logistics Limited (company number 972809), which is an industry joint venture that arranges distribution to coastal terminals.

“Core Bank Debt” has the meaning given to the term “Lender Core Debt” in the Security Trust Deed. In summary, it is all amounts owing to the Banks excluding working capital facilities and hedging amounts.

“Covenant EBITDA” has the same meaning as “EBITDA” in the Bond Documents in respect of a person or group for a period. The meaning of this term is summarised under the heading “Bondholders’ entitlement to repayment” on page 56. It is calculated on a Current Cost, as opposed to historic cost, accounting basis.

“Covenant EBITDAL” means, for a period, the sum of (i) Covenant EBITDA of the Z Energy Group for that period, and (ii) operating lease expense of the Z Energy Group for that period, which would be disclosed by consolidated financial statements of the Z Energy Group if they were prepared in accordance with NZ GAAP for that period.

“Current Cost” is the accounting basis on which EBITDA is calculated for the purposes of the financial covenants in the Bond Documents and the Bank Facilities. The difference between Current Cost and historic cost is discussed under the heading “Z Energy’s Financial Performance” on page 32.

“Debt Coverage Ratio” has the meaning given to the term “Total Debt Coverage Ratio” in the Bond Documents. The meaning of this term is summarised under the heading “Bondholders’ entitlement to repayment” on page 56.

“Early Bird Interest” means the interest earned on subscription moneys for Bonds that are issued, at the Interest Rate, from (and including) the date on which those subscription moneys are banked into the Offer trust account to (but excluding) the Issue Date.

“EBITDA” means earnings before interest, tax, depreciation and amortisations.

“Event of Default” has the meaning given to that term in the Master Trust Deed and the Supplemental Trust Deed. The meaning of this term is summarised under the heading “Bondholders’ entitlement to repayment” on page 56.

“Extraordinary Resolution” means:

(a) a resolution passed at a duly convened meeting of Bondholders (or a class of Bondholders, if applicable) at which at least 75% of such Bondholders (or that class of Bondholders) voting at the meeting vote in favour of the resolution or, if a poll is duly demanded, by a majority consisting of at least 75% of the votes cast on such poll; or

(b) subject to applicable law and the NZDX Listing Rules, a resolution in writing signed by or on behalf of at least 75% by number of Bondholders (or a class of Bondholders, if applicable), the Principal Amount of whose Bonds amount in aggregate to not less than 75% of the aggregate Principal Amount of Bonds (or class of Bonds, if applicable) then outstanding.

“Finance Documents” has the meaning given to that term in the Security Trust Deed.

“Firm Allocation” means an application for Bonds made by a Joint Lead Manager, NZX Firm, or other approved financial intermediary under a firm allocation letter accepted by or on behalf of Z Energy.

“General Security Deed” means the composite general security deed dated 1 April 2010 given by Z Energy and the Guarantors in favour of the Security Trustee, as amended from time to time (including, without limitation, by deed dated 11 August 2010).

“Guarantors” means those members of the Z Energy Group that guarantee and give security for the Bond Debt.

“Infratil” means Infratil Limited.

“Intercreditor Deed” means the intercreditor deed dated 1 April 2010 between the Security Trustee, Shell Eastern Trading (Pte) Limited, the original Shell suppliers, Z Energy and the other Guarantors, as amended from time to time (including, without limitation, by deed dated 19 August 2010).

“Interest Payment Date” means, in relation to a Bond, each date for payment of interest on that Bond as specified in this Prospectus and the Supplemental Trust Deed.

“Interest Rate” means, in relation to a Bond, the rate of interest per annum payable on the Principal Amount of that Bond announced to NZX on or before the Opening Date.

“IPO” means an initial public offering of ordinary shares in the Relevant Company for the purposes of the Relevant Company becoming Listed and the ordinary shares being Quoted (as those terms are defined in the Listing Rules of NZX).

“IRD Number” means Inland Revenue Department number.

“Issue Date” means, in relation to a Bond, the date on which the Bond is issued, in terms of the Bond Documents and this Prospectus, and allotted in terms of the Securities Act and the Securities Regulations, by Z Energy.

“Issue Price” means \$1.00 per Bond.

“Issuer” means Z Energy.

“Joint Lead Managers” means ANZ National Bank Limited, Craigs Investment Partners Limited, Forsyth Barr Limited and Westpac Banking Corporation, acting through its New Zealand Branch.

“Loyalty New Zealand” means Loyalty New Zealand Limited (company number 668259).

“Majority Beneficiaries” means the beneficiaries under the Security Trust Deed (currently represented by the Banks Agent and Bond Trustee) together holding more than 50% of the secured debt from time to time.

“Master Trust Deed” means the master trust deed dated 11 August 2010 entered into by Greenstone Energy Finance Limited, the Bond Trustee and the Guarantors pursuant to which certain bonds may be constituted, as amended by the Substitution Deed (pursuant to which Z Energy became the Issuer).

“Maturity Date” means, in relation to a Bond, the maturity date specified in this Prospectus and the Supplemental Trust Deed.

“Minimum Holding” means Bonds having an aggregate Principal Amount of \$5,000.

“Morrison & Co” means H.R.L. Morrison & Co Limited and its subsidiaries.

“Mortgages” means the existing and any new mortgages granted by the Guarantors over any land in favour of the Security Trustee, as amended from time to time.

“New Zealand Superannuation Fund” means the Guardians of New Zealand Superannuation, as manager and administrator of the New Zealand Superannuation Fund.

Glossary

“NZClear System” means the system operated by the Reserve Bank of New Zealand as the operator for holding securities and electronic recording and settling of transactions in those securities between members of that system (or its successor or replacement system).

“NZ Dollars”, “NZ\$” and “\$” means the lawful currency of New Zealand from time to time.

“NZDX” means the New Zealand debt securities market operated by NZX, known as the NZX Debt Market.

“NZDX Listing Rules” means the Listing Rules of NZDX and **“Listing Rule”** means a rule contained in the Listing Rules of NZDX.

“NZ GAAP” has the same meaning as “NZ GAAP” in the Bond Documents.

“NZX” means NZX Limited (company number 1266120).

“NZX Firms” has the meaning ascribed to that term in the NZX Participant Rules.

“NZX Participant Rules” means the Participant Rules of NZX.

“Offer” means the offer of Bonds by Z Energy under this Prospectus.

“Opening Date” means the opening date of the Offer set out on page 3.

“Principal Amount” means, in relation to a Bond, the amount (other than interest) payable on redemption or repayment of that Bond, being the amount recorded as such in the Register in respect of that Bond.

“Promoters” means Aotea Energy Limited (company number 2379148) and each of its directors.

“Prospectus” means this simplified disclosure prospectus.

“Purchase Money Security Interest” means, in respect of a Guarantor:

- a. a security interest taken in collateral by a seller to the extent that it secures the Guarantor’s obligation to pay all or part of the collateral’s purchase price; or
- b. a security interest taken in collateral by a person who gives value for the purpose of enabling the Guarantor to acquire rights in the collateral, to the extent that the value is applied to acquire those rights; or
- c. the interest of a lessor of goods to the Guarantor under a lease for a term of more than one year (as that term is defined in the Personal Property Securities Act 1999); or
- d. the interest of a consignor who delivers goods to the Guarantor under a commercial consignment.

“Record Date” has the meaning given in the Supplemental Trust Deed, being (in respect of an Interest Payment Date) a date not less than 10 days prior to the relevant Interest Payment Date, provided that if this is not a Business Day, the Record Date shall be the preceding Business Day.

“Refinery” means the refinery owned and operated by The New Zealand Refining Company at Marsden Point.

“Registered Bank” means a bank registered under the Reserve Bank of New Zealand Act 1989.

“Register” means the relevant register of Bonds maintained by the Registrar.

“Registrar” means Link Market Services Limited (or any successor registrar).

“Relevant Company” has the meaning given to that term in the Supplemental Trust Deed.

“Resident Bondholder” means a Bondholder who is resident in New Zealand for taxation purposes.

“Retail Bond” means a bond designated as a retail bond in the applicable Supplemental Trust Deed.

“Secured Property” has the meaning given to that term in the Security Trust Deed.

“Securities Act” means the Securities Act 1978.

“Securities Regulations” means the Securities Regulations 2009.

“Security” means the security given under the Security Documents.

“Security Documents” means:

- (a) the General Security Deed;
- (b) the Mortgages;
- (c) the Security Trust Deed;
- (d) the Intercreditor Deed (including each accession deed in respect of the Intercreditor Deed); and
- (e) any other security document that may at any time be given by Z Energy or any other Guarantor as security to the Security Trustee pursuant to or in connection with any Finance Document.

“Security Trust Deed” means the security trust deed dated 31 March 2010 between the Security Trustee, the Banks’ Agents, Aotea Energy Limited and, as amended, the Bond Trustee, as amended from time to time (including, without limitation, by deed dated 11 August 2010).

“Security Trustee” means Bank of New Zealand (or any successor security trustee appointed under the Security Trust Deed).

“Series” means bonds issued pursuant to a particular Supplemental Trust Deed.

“Shell” means the business, or relevant affiliate or affiliates, of Royal Dutch Shell Plc.

“Shell New Zealand” means Shell New Zealand Limited, being the name of Z Energy prior to the acquisition of Shell New Zealand Limited by Infratil and the New Zealand Superannuation Fund in April 2010.

“Subsidiary” means, in relation to any person:

- (a) any subsidiary of such person within the meaning of section 5 of the Companies Act 1993; or
- (b) any subsidiary of that person determined in accordance with NZ GAAP.

“Substitution Deed” means the substitution deed entered into by Z Energy, Greenstone Energy Finance Limited, the Bond Trustee and the Guarantors dated 9 June 2011.

“Supplemental Trust Deed” means a supplemental trust deed entered into by Z Energy (including in substitution for Greenstone Energy Finance Limited) and the Bond Trustee pursuant to the Master Trust Deed and, in relation to the Bonds, means the supplemental trust deed dated 4 July 2012 under which this Series of Bonds is constituted.

“Test Date” means 30 September 2012, and after that each 31 March and 30 September arising during the term of the Bonds.

“The New Zealand Refining Company” or **“NZRC”** means The New Zealand Refining Company Limited, trading as Refining NZ (company number 65859).

“Total Debt” means the aggregate of all financial indebtedness of the Z Energy Group calculated on a consolidated basis, provided that:

- (a) only the lowest average aggregate amount drawn under the \$350 million working capital facility with the banks (or any other successor working capital facility) over three consecutive days in the six months prior to the relevant Test Date will be included; and
- (b) subordinated debt is excluded.

“Total Tangible Assets” has the meaning given to that term in the Bond Documents in respect of a person or group. In summary, it means all the assets of the relevant person or group excluding intangible assets at the relevant time.

“Tranche” means Bonds of the same Series that are identical in all respects including in relation to Issue Dates, Maturity Dates, Interest Rates, first interest accrual date, Interest Payment Dates, Issue Prices and denominations.

“Z Energy” means Z Energy Limited (company number 12046).

“Z Energy Group” means Aotea Energy Limited (company number 2379148) and its Subsidiaries (as detailed on page 32), including Z Energy.



Directory

Issuer

Z Energy Limited
3 Queens Wharf
Wellington 6011
Tel: +64 4 498 0246

Legal Advisors to the Issuer

Chapman Tripp
Level 14
10 Customhouse Quay
Wellington 6140

Registrar

Link Market Services Limited
Delivery Address:
Level 16 Brookfields House
19 Victoria Street
Auckland
Postal address:
PO Box 91976
Auckland 1142
Tel: +64 9 375 5998
Fax: +64 9 375 5990
Email: enquiries@linkmarketservices.com

Auditors

KPMG
Level 9
10 Customhouse Quay
Wellington 6140

Arranger

ANZ National Bank Limited
Level 7
1 Victoria Street
PO Box 540
Wellington 6140
Freephone: 0800 269 476

Bond Trustee

Trustees Executors Limited
Level 5
10 Customhouse Quay
Wellington 6011
Tel: +64 4 495 0999
Email: corp.trust@trustees.co.nz

Legal Advisors to the Bond Trustee

Simpson Grierson
Level 24
HSBC Tower
195 Lambton Quay
Wellington 6140

Joint Lead Managers

ANZ National Bank Limited
Level 7
1 Victoria Street
PO Box 540
Wellington 6140
Freephone: 0800 269 476

Craigs Investment Partners Limited
158 Cameron Road
PO Box 13155
Tauranga 3141
Freephone: 0800 226 263

Forsyth Barr Limited
Level 9
Forsyth Barr House
The Octagon
Dunedin 9054
Freephone: 0800 367 227

Westpac Banking Corporation, acting through
its New Zealand Branch
Level 8
16 Takutai Square
PO Box 934
Auckland 1140
Freephone: 0800 601 901

Application Instructions

Applications to subscribe for Bonds must be made on the Application Form contained in this Prospectus.

A = Investor Details

Insert your full name(s), address and telephone numbers to enable the Registrar, Link Market Services Limited, to contact you regarding your investment. In addition, if you supply Link with your mobile number you will receive a TXT message when your holding balance, bank account and other holding details change. This is an additional protection for your holding.

Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application.

Use the table below to see how to write your name correctly.

Type of Investor	Correct Way to Write Name	Incorrect Way to Write Name
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH (JOHN SMITH FAMILY A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH MICHAEL SMITH (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JANE SMITH (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED (SUPERANNUATION FUND A/C)	JOHN SMITH SUPERANNUATION FUND

B = Application Payment Details

Payment must be made in NZ Dollars for immediate value by cheque drawn on a New Zealand bank account (or, if the application is for Bonds of an aggregate subscription amount of \$500,000 or more, by bank cheque), direct debit, or through the NZClear system (**institutional investors only**) by prior arrangement.

Complete the amount of Bonds applied for. Note the minimum amount and minimum integral multiples that are stated in the Application Form. Advise payment method and bank account details for future interest payments.

OPTION 1:

If you choose the direct debit option you must **tick the box authorising the Registrar to direct debit** the bank account nominated on the Application Form, **on the day the Application Form is received by the Registrar**, for the amount applied for on the Application Form. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- the application funds in the bank account for direct debit are available on the **day the Registrar receives the Application Form**;
- **the person(s) giving the direct debit instruction has/have the authority to operate the account** solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions. If you are uncertain you should contact your bank.

Should your direct debit fail, your application will be rejected.

If requested, a direct debit authority form will be provided to you by the Registrar. Refer to the contact details in section G of the application form.

OPTION 2:

Cheques must be drawn on a New Zealand registered bank and must be made in NZ Dollars. Cheques must be made payable to "Z Energy Limited Bond Offer", crossed "Not Transferable" **and must not be post-dated as cheques will be banked on the day of receipt**. If an applicant's cheque is dishonoured, Z Energy may cancel that applicant's allotment of Bonds and pursue any other remedies available to it at law.

If you pay by cheque, please supply your bank account details to enable Z Energy to pay your interest into your nominated bank account. Future interest payments from Z Energy will be made to you by direct credit.

OPTION 3:

Investors who are members of NZClear may, by prior arrangement with the Registrar, settle their applications for the Bonds on the Issue Date through the NZClear system.

C = Holder number details

If you have other investments registered under a Common Shareholder Number ("**CSN**") you must supply your CSN in the space provided. The name and address details on your Application Form must correspond with the registration details under that CSN. If you do not supply a CSN, it will be deemed that you do not have a CSN and your Bonds will be issued to you under a new non-CSN holder number.

D = Provide your IRD number and tick the relevant RWT box

Resident withholding tax ("**RWT**") will be deducted from any interest paid to you on subscription money (unless you provide a valid RWT exemption certificate). Tick the RWT box that applies to you. If you are exempt from RWT, please tick the exempt box and attach a photocopy of your RWT exemption certificate (do not attach the original).

E = Electronic investor correspondence

By supplying your email address Z Energy will be able to deliver your investor correspondence to you electronically where possible. This is a much more environmentally friendly, cost effective and timely option than paper based investor mail outs.

F = Signing and dating

Read the Prospectus and Application Form carefully and sign and date the Application Form.

The Application Form must be signed by the applicant(s) personally, or by two directors of a company (or one director if there is only one director, whose signature must be witnessed), or in either case by a duly authorised attorney or agent.

If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney on the reverse of the Application Form ("**H**").

If the Application Form is signed by an agent, the agent must complete the certificate of agent on the reverse of the Application Form ("**I**").

Joint applicants must each sign the Application Form.

G = Closing Date and Delivery

This Offer will close at 5.00pm on **10 August 2012** (being the Closing Date). Applicants should remember that the Closing Date may be changed at Z Energy's sole discretion. Changes will be advised by NZX announcement. Z Energy reserves the right to refuse to accept applications received by the Registrar after the Closing Date. Your Application Form should be delivered in accordance with the instructions contained in the Application Form.

Personal information rights

Personal information provided by you will be held by Z Energy and the Registrar at their respective addresses shown in the Directory on page 73 of this Prospectus or at such other place as is notified upon request. This information will be used for the purpose of managing your investment. You have a right to access and correct any personal information about you under the Privacy Act 1993. You can also access your information on the Link Market Services website: www.linkmarketservices.com. (You will be required to enter your holder number and FIN.)

If you currently have a Common Shareholder Number ("**CSN**"), please enter it here:

D. IRD NUMBER & RESIDENT WITHHOLDING TAX

IRD number (only one IRD number is required in respect of a joint application):

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Deduct Resident Withholding Tax from my interest earned at the following rate (tick ☒ one).

Please note that companies (other than a company which is acting as a trustee or a company which is a Maori authority, unless that trustee or Maori authority is also a Portfolio Investment Entity) do not need to tick any box unless they hold an RWT exemption certificate. Tax will automatically be deducted at 28%.

<input type="checkbox"/> 10.5%	<input type="checkbox"/> 17.5%	<input type="checkbox"/> 30%	<input type="checkbox"/> 33%	<input type="checkbox"/> Exempt - please tick this box if you hold an RWT exemption certificate from IRD and attach a copy of your RWT exemption certificate.
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Country of residence for taxation purposes: If not New Zealand tax resident, are you engaged in business in New Zealand through a fixed establishment in New Zealand? **Yes/No** (delete one)

E. ELECTRONIC CORRESPONDENCE & REPORTING

To enable the Issuer to provide you with your investor correspondence in relation to your holding in this security electronically, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

--

F. SIGNATURE(S) OF APPLICANT(S)

I/We hereby acknowledge that I/we have received and read the Prospectus, and apply for the dollar amount of Bonds set out above and agree to accept such Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Prospectus.

All applicants on the Application Form must sign.

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Date

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G. SEND APPLICATION FORM AND CHEQUE TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00pm ON 10 AUGUST 2012

Z Energy Limited Bond Offer
c/- Link Market Services Limited
PO Box 91976, Auckland 1142

Or deliver to:
Level 16, Brookfields House, 19 Victoria Street, Auckland

Investor phone number: +64 9 375 5998

H. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

(Complete this section if you are acting on behalf of the applicant on this Application Form for whom you have power of attorney.)

I

of

CERTIFY:

- THAT by deed dated

of

appointed me attorney

- THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received notice of any event revoking the power of attorney.

**If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

Signed at this day of

Signature of attorney

I. CERTIFICATE OF NON-REVOCATION OF AGENT

(Complete this section if you are acting as agent on behalf of the applicant on this Application Form.)

I

of

CERTIFY:

- THAT by the agency agreement dated

of

appointed me agent

- THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received any notice or information of the revocation of my appointment as agent.

**If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

Signed at this day of

Signature of agent

Terms and Conditions of Application

By signing (or authorising an attorney or agent to sign) this Application Form:

- (a) the applicant acknowledges that this Application Form was distributed with the Prospectus; and
- (b) the applicant acknowledges that he/she/it has read and understood the statements made in the Prospectus relating to the Privacy Act 1993 in the section of the Prospectus entitled "Application Instructions" on pages 74 to 75.

Applicants who are members of NZClear may settle their applications for the Bonds applied for in this Application Form on the Issue Date through the NZClear system. Investors who are not members of NZClear or NZClear members who wish to settle prior to the Issue Date must pay for the Bonds applied for by a cheque delivered with the Application Form prior to the Closing Date or by completing the authority to direct debt or by another payment method approved by the Joint Lead Managers, the Arranger or other selected financial institutions to whom the Application Form is being delivered.

An application received by the Registrar cannot be withdrawn or revoked by the applicant. Z Energy reserves the right to decline any application, in whole or in part, without giving any reason and may decide not to accept any applications whatsoever.

Money received in respect of applications that are declined in whole or in part will be refunded in whole or in part (as the case may be). Refunds will be mailed to unsuccessful applicants within 10 Business Days of the close of the Offer. Interest will not be paid on application money refunded to applicants.

Statements for the Bonds will be dispatched to successful applicants as soon as practicable after allotment, but in any event within 10 Business Days of the Issue Date.

Applications must conform with the application instructions in the sections of the Prospectus entitled "Application and payment" and "Where to send your Application Form and payment" on page 46 and "Application Instructions" on pages 74 to 75.

A joint application must be signed by all applicants. Only the address of the first named of the joint applicants will be recorded on the Register and all interest payments, notices, and other correspondence will be sent to that address.

Applications lodged by individuals must be signed personally or by their attorney or agent. If this Application Form is signed by an attorney, the attorney must complete the certificate of non-revocation of power of attorney set out in the Application Form. If this Application Form is signed by an agent, the agent must complete the certificate of agent set out in the Application Form.

Terms defined in the Prospectus have the same meaning in this Application Form.

This Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Financial Transactions Reporting Act 1996, investors may be required to produce evidence of their identity.

If you currently have a Common Shareholder Number ("**CSN**"), please enter it here:

D. IRD NUMBER & RESIDENT WITHHOLDING TAX

IRD number (only one IRD number is required in respect of a joint application):

--	--	--	--	--	--	--	--	--	--

Deduct Resident Withholding Tax from my interest earned at the following rate (tick ☒ one).

Please note that companies (other than a company which is acting as a trustee or a company which is a Maori authority, unless that trustee or Maori authority is also a Portfolio Investment Entity) do not need to tick any box unless they hold an RWT exemption certificate. Tax will automatically be deducted at 28%.

<input type="checkbox"/> 10.5%	<input type="checkbox"/> 17.5%	<input type="checkbox"/> 30%	<input type="checkbox"/> 33%	<input type="checkbox"/> Exempt - please tick this box if you hold an RWT exemption certificate from IRD and attach a copy of your RWT exemption certificate.
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--

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I

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CERTIFY:

- THAT by deed dated

of

appointed me attorney

- THAT I have executed the application for Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received notice of any event revoking the power of attorney.

**If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

Signed at this day of

Signature of attorney

I. CERTIFICATE OF NON-REVOCATION OF AGENT

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of

CERTIFY:

- THAT by the agency agreement dated

of

appointed me agent

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Signed at this day of

Signature of agent

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