

Stump to Pump Quarterly Progress Report, January to March 2014

Executive Summary

The Stump to Pump programme is now in the detailed evaluation phase with specialist teams working on all key aspects from feedstock characteristics and availability, fuel distribution and logistics to design of the proposed Test Plant.

The work being undertaken is leading edge and puts New Zealand at the forefront of global knowledge aimed at finding a commercial pathway for converting forestry residues to liquid fuels.

The programme partners, Norske Skog and Z Energy are working closely with specialist engineering and technical consultants. One of the key considerations is how the Test Plant could be best integrated into the existing site at Kawerau and the opportunities for synergies and cost efficiencies arising from this.

A sophisticated financial model has been developed for the programme to provide the analytics necessary to assess the commercial viability of a biofuels business from Radiata pine biomass. This is a critical component of the project as it is able to factor a wide range of variables. The model has been updated in readiness for when key inputs become available mid-year.

Laboratory testing is also underway in relation to key product issues. This work is essential as product quality assurance and certification will be paramount in ensuring end products are fit for purpose for New Zealand fuels market.