



Business Update

Brian Ropitini, Director of Manufacturing

Tena koe,

Welcome to the second edition of *Methanex – Our News*.

The third quarter for this year continues to keep us busy with all three plants continuing to operate well and we are on track to meet our production targets for the year. Safety is a priority, as always, and we've been injury free so far this year. As part of our Safe Days campaign, linking injury-free days to a daily amount donated to community organisations, we've presented more than \$13,000 to Taranaki youth services New Waves and to the Taranaki Kiwi Trust, which is being used to trap predators and increase the kiwi population in the region.

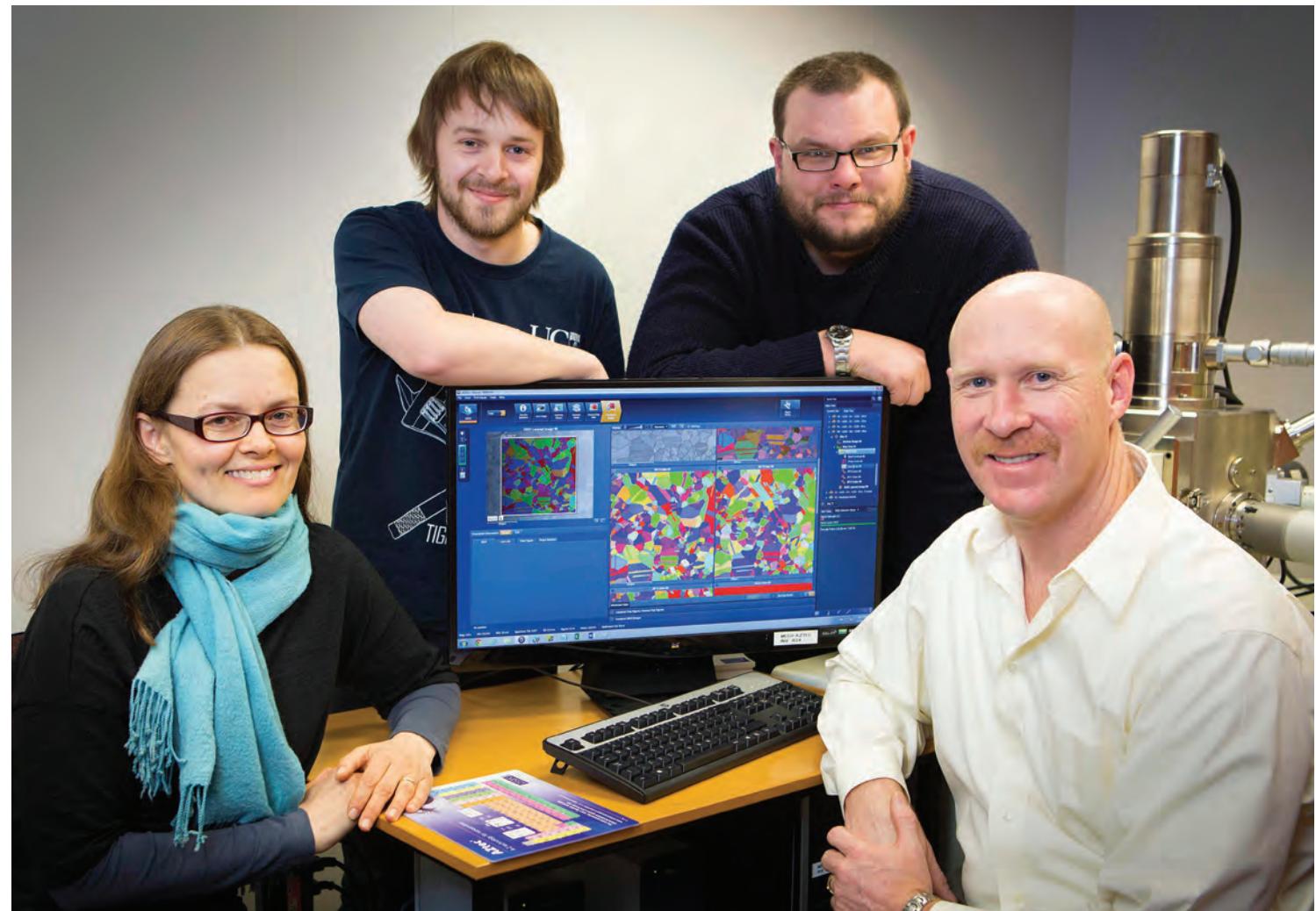
We were recently pleased to announce our workforce growth plans in order to maintain and support our three-plant operation. We've been in growth mode for the last few years and it's important we have the right number of skilled permanent staff for our ongoing success. We've just started recruitment for a variety of new roles across the organisation, including leadership roles, maintenance technicians, chemists, planners, procurement staff, engineers and safety advisors. If any of those positions are of interest find out more detail at www.methanxfutures.co.nz

Overall we are planning to increase our headcount by 25, taking us to about 250 permanent staff. The drive for more staff will enable us to better meet planning and project demands, as turnarounds to carry out planned maintenance and statutory inspection of equipment are required more frequently with three plants running.

In other news, I was proud to present some of our staff with their long-service awards at our annual staff Anniversary Awards last month. This year we had 17 staff who have been here 30 years, which is quite the achievement. I'm also among those celebrating 20 years here, not something I would have imagined, starting as a fitter and turner apprentice all those years ago.

One of the opportunities of being part of a global organisation is that New Zealand staff often get called upon to support projects in other regions. Over the next few months a number of employees will be supporting the turnaround planning for our plant in Medicine Hat in Canada and also helping the plant in Geismar, Louisiana (currently being relocated from Chile) to prepare for starting operations later this year.

Noho ora mai
Brian



Steel performance research partnership

A Methanex partnership with the University of Canterbury is improving knowledge about metal strength and boosting doctorate level research.

In 2012, Methanex agreed to support the university's College of Engineering for a five-year study grant for research improving the performance of stainless steel piping, a special material used during the reforming stage of converting natural gas to methanol.

A year on, Methanex's Global Expert in Static Equipment, Peter Tait, says the grant has created a unique partnership which is mutually beneficial.

"This partnership produces more Ph.D. candidates as we pay their fees. The grant provides an incentive for these students to continue their learning and work on projects which will benefit both them and Methanex in the future," Mr Tait explains.

The grant has formalised Methanex's long-term relationship with UC through the establishment of the Methanex Chair in Metallurgy. The company and the University's College of Engineering have been research partners since the early 1990s. The majority of this research has focused on high temperature metallurgy, a field linked to equipment used in the methanol reforming process.

The Ph.D. projects currently underway are all aligned with the overall programme goal of extending 20-year-life of alloy 800H

pigtails, the pipes that connect parts of the reformer outlet system. Pigtails are made in loops, hence the name pigtail, to accommodate the thermal expansion of the steel running at high temperatures. The research involves understanding the effects of grain size and grain size distribution, and the effects of grain boundary engineering.

UC Methanex Professor of Metallurgy, Milo Kral, says the funding is essential for the department's High Temperature Materials Research Group.

"The certainty of continuous funding over the next five years allows us to focus on long term research goals, which is a rare privilege," he says.

The funding provided by Methanex supports three PhD students and contributes to the purchase of state of the art equipment, including a new scanning electron microscope and X-ray analysis system.

The sponsorship is the first of its kind within the University of Canterbury's Engineering school and Mr Kral says Methanex has set a high standard for industry support.

Image: University of Canterbury senior lecturer Dr Catherine Bishop, PhD candidates Aaron Beardsley and Shaun Mucalo, and Methanex Professor of Metallurgy Dr Milo Kral, show off the new Oxford analysis system displaying an image of Methanex alloy 800H on the screen.

Paddling enthusiast takes on the Waitara commute

While most of us travel to work in a car, Mike Kettle takes his kayak.

During the summer months Mike, a Maintenance Control Systems Technician at Waitara Valley, takes to the water in his kayak.

Living only two blocks from the Waitara River, when Mike was offered a free four and a half meter long kayak from a friend, it was a no-brainer to use it as transportation to work.

He started paddling to the Waitara Valley plant a few weeks after he started at Methanex in summer.

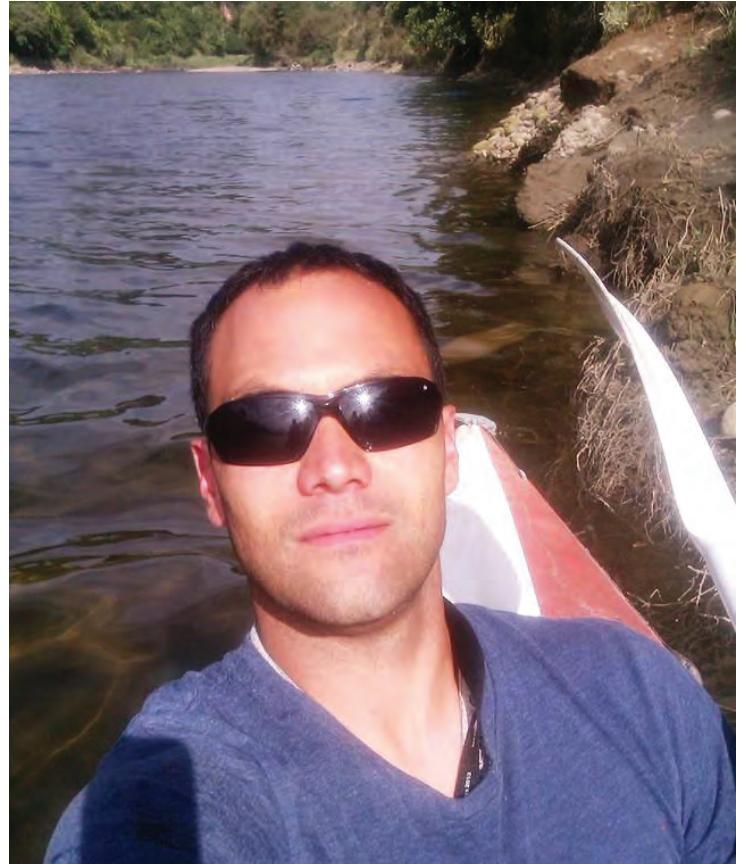
"It was a good kayak," he explains, "it had just been sitting in a mate's shed and I thought it seemed like a good idea."

It takes Mike about 20 minutes to paddle to work and with ample parking opportunities right outside the Waitara Valley site, the river enthusiast couldn't be happier with his mode of transport.

"It's great as I don't have to pay for petrol and there is generally no traffic on the river. One time I saw a bird, but otherwise it's all clear," he says.

Unfortunately Mike's environmentally friendly route to work was recently put to an abrupt end when his kayak was stolen from its parking spot in Waitara.

He's philosophical about its loss: "I had a feeling it was going to get taken eventually. I'm looking at getting another one so I can carry on this summer."



Maintenance Control Systems Technician Mike Kettle hits the water in his kayak.

Methanol used in AICA resins

While most of us know the basic uses for methanol like fuel additives, plastics and paints, a lesser known use is in formaldehyde-based resins to manufacture wood products.

AICA New Zealand, based on Corbett Rd, uses 5,000 tonnes of methanol a year at its New Plymouth site to create industrial adhesives and formaldehyde.

AICA technical service manager Philip Marsh says the plant was originally built due to its close proximity to Methanex, which enabled the methanol to be piped directly to what he claims is the 'smallest methanol tank' in the world.

"It's 20 cubes, it's pretty small but thanks to Methanex being so close and the fact that it is piped underground directly from the plant, we don't need a larger one," he says.

The company also uses 15,000 tonnes of methanol each year at its Nelson facility.

AICA primarily manufactures formaldehyde-based resins for wood products such as MDF, plywood, LVL, particle board and wood laminate.

It also manufactures formaldehyde to coat urea, which is used in fertilisers as a source of nitrogen.

AICA makes resin by combining formaldehyde with urea. The company also makes melamine-urea formaldehyde and phenolic resins in both liquid and powder forms.



AICA Technical Service Manager Philip Marsh and Day Operator Mike Day watch as a large tube is filled with resin, made from methanol, ready for transportation around the country.

Before the resins are exported to customers, the glue goes through a rigorous testing phase, where AICA combine the resins with wood products.

"There are many different types of resin and we need to do a lot of testing here to ensure the product is the best it can be," Philip explains. After working at AICA for more than two decades, Philip is passionate about his vocation and has an almost encyclopaedic knowledge about all things resin.

"We export this product all over the country. It's a niche market and we produce about 76,000 tonne of resin in total at both the plants."

Anniversary Awards celebration

Methanex staff and families celebrated significant long service milestones at the annual Anniversary Awards party on July 25.

This year 27 employees achieved service milestones between five and 30 years of service, including 17 who are celebrating 30 years with the company.

Among them was Operations Manager Dave Bull, who says he can't believe how quickly the time has gone.

"I have seen Synfuel/Methanex go from strength to strength over the life of the facilities, and it is really satisfying to be part of a company that has consistently contributed back into the community and local economy of Taranaki," he says.

Each employee was presented with a card and daphne plant, and endured stories told about their career by their manager, as well as slides showing early photos of their younger selves compared with the present.

Celebrations continued into the night with dancing to the band Download, followed by supper and more socializing.



Ken Paul receiving his 30-year service award from Operations Manager Dave Bull, who also achieved 30 years, at the Quality Hotel – Plymouth International.

Methanex supports Trust to increase Taranaki kiwi population

Members of the Taranaki Kiwi Trust are on an egg-hunting mission to help increase the population of kiwi in the region.

Taranaki Kiwi Trust chair Sue Hardwick-Smith says the breeding season goes from August to March, and the Trust is hoping to collect up to 10 eggs from kiwi tracked by transmitters.

The 'smart' transmitters can track kiwi sleeping patterns and if they are incubating eggs.

Sue says the eggs will be taken to a special kiwi facility in Rotorua to be hatched and then brought back to Taranaki for release into Rotokare Reserve, Egmont National Park and other predator trapped areas on private land.

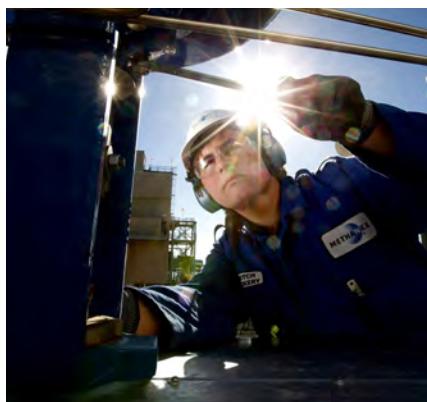
"When they are over 1200 grams we release them back into the wild because they are able to withstand an attack by stoats and other predators," she says.

An estimated 95 per cent of kiwi chicks die in the wild within the first six months of their life.



A kiwi juvenile before release into Egmont National Park

The 13-year-old Trust works on a range of conservation projects on private and public land, from Tongaporutu to as far south as Waverley, trapping pests, tracking kiwi, education in schools and raising awareness to stem the decline of North Island Brown Kiwi. Methanex is supporting the Trust through its Safe Days campaign.



If you would like to receive this newsletter via email only, please send your contact details including name and address to nzpublicaffairs@methanex.com